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A LETTER

TO

LORD ARCHIBALD HAMILTON,

ON

ALTERATIONS IN THE VALUE OF MONEY;

AND CONTAINING

AN EXAMINATION OF SOME OPINIONS RECENTLY
PUBLISHED ON THAT SUBJECT.

“ Now let me suppose that for forty years no access could be got to the standard measures
“ at the Exchequer, that during this time all the measures of the nation should be debased ;
“ that notwithstanding this, the landlords over all England should continue to stipulate
“ their rents in grain by the debased bushel of their respective counties ; if after forty years
“ of such confusion, the Exchequer should be opened, and all measures fitted to the stand-
“ ards, would it not be a horrid piece of injustice not to allow both landlords and farmers
“ who had entered into leases within the forty years, the liberty of converting their rents
“ from the *debased* to the *standard* bushel.”—Sir JAMES STEUART’S Inquiry into the Prin-
ciples of Political Economy.

LONDON :

PRINTED FOR J. RIDGWAY, PICCADILLY.

1823.

[*Three Shillings and Sixpence.*]

IT was not, until after the former part of the subsequent pages was placed in the hands of the printer, that the pamphlet of Mr. Blake was published, entitled “ Observations on the Effects produced by the Expenditure of Government, during the restriction on Cash Payments ;” with some remarks upon which pamphlet, the second part of this Letter is occupied.

Mr. Blake’s is the second of two systems, or theories of prices, which have been recently given to the public, maintaining, both of them, that prices may be advanced, without money becoming depreciated in value ; moneyed prices rise, and yet money not fall ; and arriving at this conclusion, by different processes, and by methods of reasoning inconsistent with, and opposed one to the other. Mr. Tooke, in his “Thoughts and Details on Prices,” would confine the depreciation of our late paper money, to that extent to which the price of bullion advanced. Mr. Blake rejects depreciation altogether, and maintains, in substance, that the money of 1814, is to be held as having been of as high a value, as is the money of the present time.

The following pages contain some remarks on both these systems. Mr. Blake is correct in rejecting bullion as either a measure of depreciation, or as a proof of it. On this branch of the question, it will be found, that the arguments made use of in the former part of the subsequent pages, coincide very materially with those of Mr. Blake.

London,
April 23, 1823.

A LETTER,

&c. &c.

MY LORD;

THESE observations upon the present state of the question concerning the currency, I take the liberty of addressing to your Lordship, whose attention has been so much directed to the important character of that question. They have been drawn up amidst many other avocations and engagements: but I trust they may succeed in placing in an intelligible point of view, the nature of some prevailing errors, and may advance in some degree a just understanding of this subject. To discuss a question of this nature, at once hastily, and with precision, is a task of considerable difficulty; and one which I am perfectly sensible, that it is not here accomplished.

The first branch of this question as generally agitated is, what we mean by the term “depreciated money?” Mr. Ricardo, and with him Mr. Tooke, tell us, that it is paper money, *3l. 17.s 10½d.* of which will not buy an ounce of gold bullion, and that by so much more as it requires for that purpose, by so much is the paper depreciated. These gentlemen, however, after explaining what they mean by depreciation in this sense, invariably use that term in another and a more extensive sense. It is necessary, therefore, to explain this part of the question distinctly; and to show in what sense this meaning of the term depreciation is to be admitted; and how far it is false, or has been misapplied, and has led to erroneous conclusions. Mr. Tooke, who has recently published a work on the subject of money, has given an exposition of his views on this point, at the outset, in the following passages, part of which it will be advisable to

state, somewhat more at length than he has done, and with somewhat more of explanation than he has given :

“ By depreciation of the currency, I mean that state of it in which the coin is of less value in the market, than by the mint regulations it purports to be, or in which the paper which is compulsorily current, is of less value than the coin in which it promises to be payable.”

“ If there be standard gold for sale in the market which the holder of bank-notes, not convertible at the Bank can buy, the difference between the quantity which he can thus obtain, and that which the paper promises, but does not pay, clearly constitutes the utmost limit of depreciation of the paper.”

And again —

“ In a perfect state of the coin, provided the exportation and melting of it be allowed, there cannot, it is evident, be any excess in the market above the mint price of the metal. It is possible in such a case, that the coin may even without a seignorage be more valuable than bullion; but it is utterly inconceiveable that it should be less valuable: if, therefore, in such a state of the coin, there be in general circulation bank-notes, which, by law or custom, pass current in all transactions; and if under these circumstances the market should be above the mint price of gold—the whole of the difference would constitute the exact measure of the depreciation of the paper.”*

This last passage is involved in considerable obscurity; and it is necessary to state in more distinct terms, and with some explanation, the meaning which it appears intended to convey. “ In a perfect state of the coin, provided the exportation and melting of it be allowed, there cannot, it is evident, be any excess of the market above the mint price of the metal.” This is true, and the reason is as obvious. In a perfect state of our coin, *3l. 17s. 10½d.* of coin contains an ounce of gold. If the melting of this coin be allowed, no man, whatever his want of bullion might be, would give more than *3l. 17s. 10½d.* of gold money for an ounce; because by melting that amount of money, an ounce of

* See “ Thoughts and Details on the High and Low Prices of the last 30 years,” by Thomas Tooke, esq. p. 10, &c.

bullion would be obtained. "It is possible in such a case, that the coin may be more valuable than bullion: though it is utterly inconceivable that it should be less so." An extraordinary supply of bullion might sink the market price below $3l. 17s. 10\frac{1}{2}d.$, might render coin more valuable than bullion: although, as we have seen, an extraordinary demand for bullion could not raise that price above $3l. 17s. 10\frac{1}{2}d.$ There is a deficiency in this passage which it is better to supply. When it is said, that coin may be more valuable than bullion, the words "provided the mint be not open to coinage," ought to be added. The mint being open, and coinage free, the market price of bullion can no more sink below the mint price, than it can rise above it, when melting is allowed. No man will sell his ounce of bullion for $3l. 15s.$ or $3l. 12s.$, whilst the mint will return him $3l. 17s. 10\frac{1}{2}d.$ for it; any more than he will consent to pay for bullion $4l. 5s.$ or $4l. 10s.$ an ounce, when he can procure an ounce by melting $3l. 17s. 10\frac{1}{2}d.$ of coin. An extraordinary supply of bullion, therefore, cannot lower the market below the mint price, when coinage is free; nor can an extraordinary demand for bullion raise the market price above the mint price, when melting is allowed. This is the well known maxim of Locke, An ounce of gold, of a certain weight and fineness, must always be equal in value, said that writer, to another ounce of gold, of the same weight and fineness; and the mere circumstance, of one of these ounces being marked with a stamp of designation, will not alter its value, as compared with the other that is unstamped. Certainly it will not, if the stamp can be imposed without cost, and effaced without penalty. "If therefore," proceeds Mr. Tooke, "in such a state of the coin, there be in general circulation bank-notes, which by law or custom pass current in all transactions: and if, under these circumstances, the market should be above the mint price of gold, the whole of the difference would constitute the exact measure of the depreciation of the paper." It is necessary to understand here, what is meant by the words, "bank-notes which by law or custom pass current" If these words be meant to designate a paper money, payable in coin on demand, the proposition is destitute of meaning. The market price never can be above the mint price of gold, in such bank-notes, under the circumstances thus stated. Paper payable in coin on

demand, can never be of less value than the coin for which it is exchangeable, nor can coin, as has been already seen, be of less value than the weight of bullion which it contains. But, if it be meant to speak here of a compulsory paper money not payable in coin, then this proposition is without any foundation in the reasoning which precedes it; and is, in point of fact, false. Such a paper money stands on the same footing, as far as this argument is concerned, as coin which is not allowed to be melted or exported; and in such coin the market price of bullion might rise above the mint price; as it might fall below the mint price, if coinage were not allowed; and neither of these cases be either a consequence or proof of a variation in the value of money. Money itself might continue invariable in value, under both circumstances, and be neither enhanced in value, when bullion fell through an extraordinary supply; nor depreciated when bullion rose through an extraordinary demand. The circumstance which equalizes the price of bullion with that of coin, is the convertibility of one into the other without difficulty or expense. This is acknowledged by this writer himself, when he states, that those slight impediments which, before the Restriction act, were opposed to the melting and exportation of our coin, did at times occasion a slight advance of the market above the mint price of gold, such advance not being occasioned by any depreciation of money; and it from thence follows, that if those difficulties had been greater, if the risk and penalty of melting the coin had been heavier than they were; by so much the more might the market price have then advanced beyond the mint price of gold; without any depreciation, or lessened value of the currency; and an inconvertible paper money stands, in this respect, on the same footing as coin, the protection of which by law is perfect; and which is prevented altogether from being melted or exported.

The argument, therefore, stands thus: "In a perfect state of the coin, *if the melting and exportation of it be allowed*, there cannot be any excess in the market, above the mint price of the metal." And to this we may safely add, that whether the coin be perfect or imperfect, as long as the melting and exportation of it be allowed, the price of bullion can never advance beyond the value of the metal which the coin contains. But, neither the one nor the other of these propositions, are in any

way connected, with the conclusion which is here drawn from the first of them. These propositions relate to a coin that is allowed to be melted or exported. They have no reference to a coin, the melting and exportation of which is opposed by considerable difficulties. But an inconvertible paper, is coin which it is impossible either to melt or to export. There is no ground therefore, adduced here, to show that an excess in the market price of bullion, above the old mint price, is, when estimated in an inconvertible paper, any proof whatever of the depreciation of such paper; and much more there is no reason here given to prove that it is a measure of the rate of such depreciation.

The value of money, its uses or exigencies remaining the same, rises or falls with a diminution of, or an addition to its quantity. It is the same with bullion, and with all other things which pass in exchange from man to man. But in all countries money is commonly formed of bullion, and is commonly capable of being converted from one form to the other, from bullion into coin, and from coin again to bullion, with no difficulty or expense. Coin and bullion, therefore, are commonly seen under all circumstances of variable supply or demand, to rise or fall in value together. If an extraordinary supply of bullion should take place, and bullion tend to cheapness, it would be converted into coin, would increase the quantity of coin, and both become cheap together. If an extraordinary demand for bullion happen, it would be supplied from the coin, the quantity of coin lessened, and both bullion and money become more valuable than before. They would become more valuable in reference to all other things; they would exchange for greater quantities of goods; the prices of goods would fall; but money and bullion would preserve their former relative value to each other. But this is not a necessary condition of money: money may be limited in its quantity, and not permitted to increase with an additional supply of bullion; or it may be protected in its circulation, and not allowed to diminish with a demand for bullion; or it may be formed of other materials than bullion; and its plenty or scarcity be made to depend on circumstances entirely independent of the precious metals. If a greatly increased supply of bullion were to arrive for a great number of successive years, in this or in any

country; and the mint were during this period hermetically sealed, and no addition permitted to be made to the quantity of money, the consequence would be, that in such country the value of money, its quantity neither increasing nor diminishing, would remain invariable; but the price of bullion would progressively fall in the market. Bullion might continue to fall in price, and money still to remain of an invariable value for ten years, or for twenty years, or for centuries; if the institutions and the regulations, as to its money, of that country, should remain fixed and unaltered. Bullion might fall; it might fall from *3l. 17s. 10½d.* to *3l.* to *2l.* to *1l.*; and money still continue perfectly invariable in value. Bullion, speaking as we now speak, would be said to fall 100, 200, 300, or 400 per cent below the mint price. So, on the other hand, if a great demand for bullion should take place in any country, or in all countries; if, during the present century, the whole of that bullion should be drawn back by America from Europe, which was drawn by Europe from America, during the sixteenth century and the seventeenth (such a case may be imagined for the purpose of explanation), the consequence, as every one can tell, would be to occasion a great fall of prices and an increased value of money in Europe. But if, under these circumstances, any particular country were to put in force severe laws, vigilantly executed, against the melting and exportation of its coin, and were to succeed, by such means, in preventing the quantity of its coin from being diminished; in that country the price of bullion might advance above what would be called perhaps the mint price, 100, 200, 300, or 400 per cent, whilst there would take place no depreciation or lessened value of money, and whilst money continued perfectly invariable. According to our present method of expression, it would be said that in one of these instances gold had risen above the mint price, and, in the other instance, that it had fallen below it; but that manner of expression confounds things essentially different. We used it during the Restriction act. We said, gold has advanced 10 or 20 per cent above the mint price. But, during that period, the mint gave no price nor paid any; there was no mint price. We referred to an open state of the mint; to a state of things in which bullion and money increased and diminished in quantity and value together; and we attempted to

measure by bullion the value of a money, neither depending on bullion for its increase or its limitation, any more than upon iron; and of the value of which the one formed no more a measure than the other. The money of the Restriction bill had no connexion with the mint. When we opened the mint again, and re-established money on a basis of bullion, we made a change, which did not consist merely in increasing the value of our money to a certain extent, according to a scale, of which we were in possession, which was the nature of the operation in the time of king William; the present has been a change in the basis and character of our money altogether. It was not an addition to a bullion money deficient in weight or fineness, of a certain further portion of bullion; the substitution of money of a greater weight for money of a lesser weight; but our change was from a money purely of paper, to a money purely of bullion; from money resting on a paper basis, to money resting on a metal basis; and of the relative value of the two we possessed no scale, or just estimate, nor desired any. The operation was of the first necessity to be effected; but, in order to carry that change into effect without derangement to property, and a violation of the faith of contracts; it was necessary to proceed upon a just estimation, if possible; and, if not, upon the best estimate capable of being formed, of the relative value of the two monies, in one of which we purposed to discharge contracts which had been made in the other. That estimate could alone be formed from an extensive, accurate, and laborious examination of the different monied prices which each description of money had given for necessaries and for labour: and, upon a scale so formed, ought the mint to have been re-opened and a metal money re-established; possessing a value, as it then would have done, not indeed perfectly, but so nearly corresponding with that of the paper money abandoned, as to have prevented all considerable derangement, distress, or injustice, from accompanying that measure most important indeed, but the main importance of which was lost sight of.

Mr. Ricardo, therefore, with Mr. Tooke, and all those who define with them, the term "depreciation," when applied to the money of the Restriction bill, as a price of bullion higher than that which the mint formerly gave for bullion, are at liberty so to explain their meaning; as all men are entitled to fix the sense in which they understand their own terms, and

in which they desire them to be understood. And the term "depreciation of paper," being taken to mean an advance in bullion beyond 3*l.* 17*s.* 10½*d.* an ounce, then undoubtedly the rate of the advance, is the measure of the depreciation. The existence and extent of depreciation, the term so explained, is so undeniable and obvious, that it has been a waste of words in these parties to attempt to prove either by argument. We possess tables of the price of bullion. There is no material difference of opinion as to their accuracy; and we have only to form from these tables our scale of depreciation. This Mr. Tooke has done. The estimate of depreciation which it gives him, is about 4 per cent for 12 years, counting from 1797, and of 20 per cent, for a further period of 5 years: and to this estimate must be added a further depreciation of 3, 4, or 5 per cent, during part of the years 1817, 1818, and 1819. But those who define the term depreciation in this sense, are not to be permitted to use that term in another sense. After forming a scale of depreciation, from the difference between paper and bullion, they apply that scale to what is properly called depreciation; that is, to the extent to which paper has sunk in value, with reference to property and commodities. Mr. Tooke referring to this scale of the difference between paper and bullion, does not scruple to charge with extravagance those who maintain that paper fell at any time in value, with relation to property and commodities, to a greater extent or to a lesser than that scale indicates: and for this he has no better ground than a confusion in the meaning of the term depreciation, defining it in one sense and using it in another. The term "depreciation," as applied to money and currency, has not *necessarily* or *properly* any such exclusive meaning as is thus ascribed to it. Sir George Shuckburgh published his table of depreciation in 1795 prior to any advance in the price of bullion above the old price of the mint; and he called it, a Table of the depreciation of money, from the Conquest to that time, as inferred from the prices of the principal necessities of life. Depreciated money signifies, properly, money lowered in value, become cheaper in reference to all things, against which money exchanges. The estimation of the extent of an alteration in the value of money by a scale drawn from the price of a particular commodity, such as bullion, is false in its

principle ; and we shall see to what absurd contradictions it would lead us in point of fact. The last years of that period of 17 years, the depreciation of which is thus on this ground estimated, bring us down to 1814 and 1815. If we take the table of bullion as our guide for the rate of the depreciation of money in those two years, we find the price of bullion to have been, in March 1814, 5*l.* 10*s.* an ounce, or about 40 per cent above the old mint price ; in October 1814, 4*l.* 6*s.* or about 10 per cent ; in April 1815, 5*l.* 7*s.* ; in October 1815, 4*l.* 3*s.* ; and in December 1815, 4*l.* 2*s.* Can it be maintained, then, that our currency rose and fell in value, during this period, with these fluctuations in the market rate of bullion ? Those fluctuations were entirely unconnected with any corresponding alterations in the value of money. They were occasioned by great and sudden variations in the demand for bullion ; the market being but scantily supplied ; and with these variations bullion rose and fell in price, precisely as any other commodity would have risen, and again fallen, under similar circumstances. Between bullion, and money composed of bullion, which is legally convertible into bullion again, there exists an indissoluble union as to price. A demand for one is a demand for the other ; and, as exchangeable one against the other, their relative price cannot, as we have already seen, undergo variation. But there exists, as we have also seen, no more connexion between bullion and an inconvertible paper money, than between that money, and iron or tallow. The plenty, or the scarcity of the commodity, does not influence the degree of plenty or of scarcity of such money. Its sudden advance or sudden fall, indicates the presence of no action on money corresponding, or connected, with either.

If the two Committees of 1819, had commenced their sittings in March, 1814, bullion being then at 5*l.* 10*s.*, Mr. Tooke, and with him, Mr. Ricardo, must have informed them, that a depreciation of money existed to the extent of 40 per cent, and that a fall of 40 per cent on commodities and property, must accompany the introduction of the old standard.

In October of the same year, these Committees, continuing their sittings, would have heard of a state of things greatly different. They would have learned then, that no depreciation existed beyond 10 per cent ; that it would require no inconvenience,

suffering, or injustice, to be inflicted, beyond a fall in prices to that extent, in order to bring them home to that desired goal, of which, as Mr. Peel observed, in 1819, the country had lost sight for two and twenty years; and to which, but loaded with debts and taxes, it was slowly endeavouring to return.

Six months afterwards, in April 1815, the Committees would have heard again of a further depreciation, and of a fall of prices of nearly 40 per cent; interposed between the country and that old metal standard of *3*l.* 17*s.* 10½*d.**, the object of such earnest and exclusive desire. October would have presented another prospect; but it is not necessary to explain further the absurdity of measuring the value of an inconvertible paper money, by a reference to the market rate of a particular commodity. It is desirable, however, to observe here, although there will be occasion presently to return to that circumstance again, that when these Committees, in 1819, estimated by the value of bullion, with so much minuteness, the addition which the old metal standard would make to every debt, tax, pension, salary, lease, and contract for money, throughout the kingdom, the market price of that particular commodity from which they formed this estimate, was under the derangement following necessarily from seven millions of bullion having been thrown on the market, with the object, as it would appear, of keeping down its price.

It is only after a very long interval, that an observation of the bullion market, even when exempt from the influence of peculiar circumstances affecting its demand or supply, could be relied on, as affording an estimate of the rate of any depreciation which had taken place in an inconvertible paper money. The true measure is the advance of property, commodities, and labour. Adam Smith took the value of money from the price of wheat, produced at all times with a nearly equal degree of labour; and with the price of which, the price of labour permanently corresponds. When wheat, therefore, on an average of years, appeared to have risen or fallen in money price, it did not appear to him that wheat had become dearer, or had become cheaper. He has well explained that common error. It is money which, under such circumstances, must be taken to have altered in value. Sir George Shuckburgh's table of depreciation proceeds on a similar principle. He took labour and necessities generally, as the

basis of his calculation of the varying value of money. "Bread corn," said Mr. Horner, speaking on this subject, and recognizing this principle, "is the paramount and real standard of all value." An advance or fall in monied prices is, and ever must be, a fall or advance in the value of money. The author of the publication referred to, though he commences with asserting, that the price of bullion gives an accurate measure of the value of the restriction money; pursues his argument in a manner manifestly inconsistent with a conviction of the truth of that maxim. He engages in a discussion, admitting in principle, that during the restriction, bullion was subject to be influenced in its price by a variety of circumstances; and to be in that manner warped from its character of a standard, and disqualified as a measure of the value of the currency. Respecting the extent to which those circumstances which operate peculiarly on the price of bullion, did in reality affect that price, it would afford little advantage to oppose conjectures one against the other on this subject. We are in possession of some facts of a material character, on this part of the subject: but the main question is, what were the prices which the money of the Restriction act gave for property, for goods, and labour; as compared with the prices for all these, of the money which it supplanted? and on this question this writer does at length partially enter.

On this question, in the treatise before us, a statement as to the fact is first made, opposed to all that has been hitherto believed to be the real state of the facts by both sides; and next, a theory is proposed which rests on this statement, and which is new, as it would appear, to the proposer himself; for it is not enumerated amongst those causes, to which, at the outset, he ascribes the fluctuations in prices of the Restriction act.

It is contended, first, That during a long period, dated from the Restriction act; that is, as is here taken, from 1797, to about 1807 or 1808, there did not in reality take place any material advance of prices in general. What is meant to be affirmed on this head, appears to be, that the advance of prices during this period, was about 4 per cent, corresponding with the advance in bullion.

Next, that about the years 1807 and 1808, we arrived at what is termed a new epocha; in which a great, and extraor-

dinary advance in prices generally, was suddenly witnessed: and that the years 1810 and 1811, presented another period, in which prices as suddenly and as greatly fell. Both the advance and the decline in prices thus described, are referred for their cause to an expansion first, and next a contraction, of private paper and credit; originating, the first in a scarcity of commodities, and the next in a redundancy. A scarcity taking place in particular articles, frequently induces many persons to purchase those articles, in the hope of a speculative advance. This speculation occasions much paper to be created, and many money transactions on credit, and by thus increasing the quantity of paper, causes prices to advance generally; but this expanded paper soon again contracts, the speculation is at an end, prices again fall, and the value of money is restored. This kind of operation, not peculiar, as it is stated, to the period of a Restriction act, is given as the principal cause of a great advance of prices, estimated to have taken place in 1807 and 1808, and of as great a fall in 1810 and 1811. A second rise and fall of prices thus proceeding, distinguished, it is said, a second period, dating from the end of 1811, and extending to 1814 and 1815. And lastly, a third and similar operation, occasioned that great advance of prices and depreciation of money, which commenced in 1816; and that decline which commenced in 1817 and 1818; and which has reduced prices to their present level.

That the prices of all commodities are subject to great variations, under all circumstances, we need not be told. These fluctuations in price, would, in all probability, be more frequent and violent, during the period of a depreciating money, and for some time after its depreciation, than in ordinary times. During the war, the channels of commerce were often suddenly closed, and again suddenly opened; and thus would be necessarily produced great variations in the prices of articles of merchandize. This is admitted; but the main fact is, although this writer, busied in the details of these fluctuations and in endeavouring to combine them into a system, has lost sight of it; that these fluctuations did not stay the progress of a great and unexampled average advance of prices; that when we arrived at the year 1814, and looked back over the 7 years preceding it, we found (as is not denied as far as regards this period at least)

that there had been paid for the average of that period, for all the necessaries of life, the principal articles of consumption, and for labour, a price in money which was double the rate of any price that had ever been paid in this country, or in any other, in money composed of the precious metals. There might be great fluctuations; but the average rise during this period was great and progressive. The wave at times, perhaps, subsided violently; but the flood steadily advanced.

But before 1807 or 1808, it is said, there took place no material advance of general prices; and on that assumption the theory now examined rests; this being the period when those new circumstances, and that new system now described, are taken to have come first into action. Up to that time prices are left to the influence of pure depreciation, and as that depreciation appears to be 4 per cent, on an average of 12 years, by the bullion measure, so Mr. Tooke is compelled to contend, that no general advance of prices greater than 4 per cent, had up to that time taken effect.

All those who have examined tables of prices during this period, and who have taken publicly any share in the discussions of these subjects, have formed conclusions directly the reverse of this. But as the whole of this system rests on this estimate of facts; and as the fact, if it were true, would be one of considerable importance, it is but candid to inquire into the manner in which it is established. It is in answer to the arguments of a writer in the *Quarterly Review*, that those grounds are explained on which it is believed that no material advance of prices took place, prior to the expansion of money of 1807 and 1808. The writer in the *Review* it appears, contended that a great and progressive advance of prices commenced with the Bank Restriction act; and he produced in support of that opinion, a table of prices paid by the governors of Greenwich Hospital, for the principal necessaries of life, and for the wages of mechanical labour, from the year 1795 downwards. This table is here given; and undoubtedly the information it affords, appears fatal to the system of Mr. Tooke. It undoubtedly evinces a great advance of prices in that period which immediately followed the Restriction act, whilst it evinces no corresponding advance in gold.

Contract Prices in the Royal Hospital at Greenwich.

YEAR.	Meat, per cwt.		Flour per. Sack		Butter per. lb.		Cheese per lb.		Oatmeal per Bushel.		Malt per Quar-ter.		Carpenters Wages per Day.		Candles per doz. lbs		Coals per Chaf.		Gold per Ounce.		
	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.	£.	s.	d.
1795	42	10	65	8	0	8 $\frac{1}{4}$	0	5 $\frac{1}{4}$	6	4 $\frac{3}{4}$	48	3	{ 2 6 } { 2 10 }	{ 2 6 } { 2 10 }	9	2	39	9	3	17	6
1800	64	4	96	0	0	11 $\frac{1}{8}$	0	6 $\frac{1}{4}$	14	0	84	0	{ 2 10 } { 3 2 }	{ 2 10 } { 3 2 }	10	4	51	7	No Price.		
1805	60	4	82	3	0	11 $\frac{3}{4}$	0	7 $\frac{1}{4}$	12	0	85	7	4 6	4 6	10	7	51	8 $\frac{3}{4}$	4	0	0
1806	61	0	69	6 $\frac{1}{2}$	0	11 $\frac{1}{2}$	0	7 $\frac{1}{8}$	10	3	76	0	4 6	4 6	10	3	53	4	No Price.		
1807	63	0	63	8 $\frac{3}{4}$	1	0 $\frac{5}{8}$	0	7 $\frac{1}{2}$	9	4 $\frac{3}{4}$	73	1 $\frac{1}{2}$	5 0	5 0	9	10	54	0	Ditto.		
1808	63	0	69	10 $\frac{1}{2}$	1	0 $\frac{1}{4}$	0	7 $\frac{3}{8}$	10	10	76	1 $\frac{1}{2}$	5 0	5 0	13	2 $\frac{1}{2}$	55	9 $\frac{3}{4}$	Ditto.		
1809	66	0	85	1 $\frac{1}{2}$	1	1	0	8	11	9	84	5 $\frac{1}{4}$	5 4	5 4	14	5 $\frac{1}{2}$	60	9 $\frac{3}{4}$	Ditto.		
1810	72	0	88	4	1	1 $\frac{2}{3}$	0	8 $\frac{1}{8}$	11	7	84	5	5 8	5 8	12	0	60	8	4	5	0
1811	74	0	91	0	1	2 $\frac{1}{2}$	0	8 $\frac{1}{4}$	11	6	73	6	5 6	5 6	10	9 $\frac{3}{4}$	61	6	{ 4 7 } to		
1812	78	0	107	5	1	3 $\frac{1}{2}$	0	8 $\frac{1}{2}$	13	3	98	6	5 6	5 6	12	6	56	1	{ 4 19 } to		
1813	85	0	93	0	1	3	0	8 $\frac{3}{4}$	13	3	96	6	5 6	5 6	14	2	56	7 $\frac{1}{4}$	5	10	0
1814	74	6	70	6	1	2	0	8 $\frac{3}{4}$	10	4	77	8	5 6	5 6	14	6	62	2 $\frac{1}{4}$	{ 5 8 } 8		

This table is a document undoubtedly of that description, by which the varying value of money has been at all times agreed to be estimated; and perfectly evident it is from it, that the Governors of Greenwich Hospital at least, experienced a great and progressive fall in the value of *their* money; commencing with the Restriction act. Precisely as the owners of fixed incomes are at all times impoverished by a depreciation of money, so would this establishment have commenced to suffer impoverishment immediately after the Restriction act, if its income had been derived from fixed payments of whatever kind. But it is contended, that no general conclusion ought to be drawn from this table; that, first, it is defective and inconclusive with respect to the earlier part of the period it refers to, “because it gives the prices at intervals of no less than 5 years each, between 1795 and 1805; and it so happens that 1800 and 1805, which form the points of comparison with the first of the series, include the great rise of necessaries, immediately consequent on two very bad harvests, viz. 1799 and 1804.” But it ought in candour to have been stated here, that 1794, also, was a deficient harvest; it has been so described, and with much particularity by Mr. Burke; and consequently the year 1805, at least, did form a proper point of comparison with 1795, but 1804 was not a year in which the harvest was deficient, it was rather a year of plenty. The comparison of 1805 fell short of giving the full measure of advance, instead of exceeding it. It will not be difficult, presently however, to supply the deficiencies of this table, by adding the price for the intervening years, of flour, the only article in the table subject to fluctuations on account of particular harvests, whether good or bad. But there remain other objections. The column headed “meat” is objected to, “because it does not distinguish the kind.” “It probably includes pork;” and “the war operated in a greater degree, to raise the price of pork, than that of beef and mutton.” At the end of Mr. Tooke’s book is a table of the price of beef and mutton, at Smithfield, year by year, for many years, beginning in January 1796; and by that table it appears, that the price was, taking it by the average of years, and not by particular years, in the manner here objected to: for beef, on an average of 5 years, ending 1800, 3s. 8½d. a stone; for mutton,

4s. 3½d. and on an average of 5 years, ending 1805, for beef, 4s. 10¼d.; and for mutton, 5s. 5¼d.; which gives an advance of butcher meat, *pork not included*, nearly corresponding with the price of the Greenwich Hospital table. The other articles enumerated in this table, are all of them objected to in the character in which they have been brought forward; that of a measure of the general advance in prices. Butter and cheese are said to have been affected by the state of our political relations with Holland, and therefore not to be applicable to the question. Malt includes taxation (a valid objection). The wages of "Carpenters do not afford a fair criterion of the general rate of wages through the country," chiefly, amongst other reasons, because the war occasioned an increased demand for carpenters, for the building of ships. "Candles follow the fluctuations of tallow," produced, amongst other causes, by war. "And with regard to coals, the freight forms so large a proportion of their cost, that the increase of their price proves little else than an increase of freight; which it is well known, reached to a great height, in consequence of the peculiar circumstances of the war;" and to which we may add to a still greater height, in consequence of the depreciation of money. The parliamentary document, from which the table above copied is extracted, contains as well as the wages of carpenters, the wages of bricklayers, masons, and plumbers; and it appears that by 1805, the wages of all these mechanics, though some of them could scarcely be wanted for ship building, had advanced in as great a degree as the wages of carpenters. To all this description of labour, Mr. Tooke's objections extend: and they go much further; his objections reach to the wages paid to "soldiers, sailors, labourers in husbandry, carpenters, bricklayers, domestic men servants, and many others," and amongst others to "full grown able-bodied men" in general, for which "during the progress of a war, on such a scale as the last, there must have been an unusual demand." Of all these he contends, "that the greater pay which they (subject, however, to many important exceptions) received, affords no ground of inference of depreciation in the currency;" nor, further (for to that extent this argument goes), of a general advance of wages throughout the country at large. The labour above described, it is asserted, falls within the reach of a pecu-

liarity of demand. Other descriptions of labour, it is contended, all labour exempted from such peculiarity of demand, experienced no advance.

On such grounds as these, therefore, it is proposed to set this table aside; but before doing so, and prior to an examination of the merits of those other tables, proposed to be substituted in its place, as affording a better criterion of the value of money, we may inquire whether any further information can be derived from carrying this table itself somewhat further than it now goes. It is on the supposed influence of war upon rates and prices, that the objections here brought forward mainly rest. If we carry the table back, therefore, to former periods of war we may be able to derive some information as to this objection; and to discover, whether it be in the nature of the operations consequent on war, to cause an advance of prices and wages, similar to that which is now ascribed to those operations. If war have a tendency to advance the wages of the labour of the mechanic and the husbandman, and the prices of necessaries at one period, it must of consequence have that tendency at all other periods. Much has been said indeed, but commonly in terms exceedingly vague, of the peculiar character of the late war; but, it is certain, that the war did not assume, till after the period we are now referring to, any character different from the character of former wars. It was after the manner of former wars, a system of loans, taxes, and foreign and domestic expenditure and waste on the part of government, and up to 1807, cannot be shown to have differed in these, from the general operations of all the wars of the last century. An extract from the Greenwich Hospital table, taken at a period a little antecedent to the American war, continued during the existence of that war, and over the period immediately subsequent, will give us the following prices:—

And to these Articles I Extract further from the same Table.

Contract Prices at the Royal Hospital at Greenwich.

	Flesh per cwt.	Bread per lb.	Butter pr. lb.	Cheese per lb.	Oatmeal per Bushel.	Malt per Quarter.	Carpenters wages per Day.	Candles per Doz. lbs.	Coals per Chaldron.	Bricklayers per Day.	Masons per Day.	Plumbers per Day.
	s. d.	d. oz.	d.	d.	s. d.	s. d.	d. s.	d. s.	d. s.	d. s.	d. s.	d. s.
1765...	27	3 1 for 9½	5½	3½	4 0 30	8 2	7 6	2	32	4½	4 2	8 3
1770...	28	6 1 ... 11 1½	6½	3½	4 9 28	3 2	7 6	10½	29	1½	4 2	8 3
1775...	33	5 1 ... 9 1½	6½	3½	5 3 37	3 2	7 6	3	30	1½	4 2	10 3
1780...	32	6 1 ... 11 1½	6½	3½	5 3 31	1 2	7 6	9½	37	2	4 2	10 3
1785...	37	6½ 1 ... 10¼	6½	3½	5 3 40	3 2	7 6	6	34	2½	4 2	10 3
		Flour per sack.										
		s. d.										
1790...	36 10	43 4	6½	4	5 3 35	6 2	8 7	9	34	4½	4 2	10 3

In this table, the prices of the year 1780, are the prices of the midst of a war, which had then continued five years. Neither necessities nor wages had experienced any advance. Flesh, *including pork no doubt*, as well at that time as in 1805, had fallen in price; bread had fallen in price; butter and cheese had a little fallen; oatmeal had experienced no advance; malt had fallen considerably; the wages of labour had experienced no advance; candles had advanced 6½*d.* per 12lb.; coals had advanced 6*s.* 4*d.* a chaldron beyond the price of 1775, but no more than 3*s.* or 4*s.* a chaldron beyond what appears to have been a common average price, as compared with other years. In the year 1785, peace had been established one or two years, and the table of prices exhibits no decline; but meat, bread, butter, cheese and malt,

had all advanced. This extract from the Greenwich Hospital table is decisive on the question of the influence of war on prices and wages. Some other solution must be found of the advanced prices and wages paid in 1800 and 1805, than that which ascribes them to the influence of war.

The extract, however, of the Greenwich prices, given by the writer in the Review, ought properly to have commenced with the prices of 1790, instead of those of 1795. Those words, "the Bank Restriction act," are used properly as a compendious term for that whole system of measures and acts of parliament, commencing with 1793, and ending with 1814, by which the value of money was unjustly lowered; as the words "Mr. Peel's Bill," are used as a compendious term for those other measures, commencing in 1814, and still in progress, by which the value of money was as unjustly raised. Many writers and speakers on this subject, with a want of candour which is scarcely worthy of notice, have quoted the date of that bill, to those who spoke of evils occasioned by Mr. Peel's Bill, although they knew that by the term, was meant nothing more than the legal completion of a system of previous measures.

Having seen the grounds, then, on which it is proposed to set aside the Greenwich Hospital tables as a measure of the value of money; and being satisfied that the high rates which those tables exhibit of wages and necessaries prior to 1805, could not have been occasioned by the influence of war; we may inquire, with more advantage, into the merits of those details and tables which it is proposed to substitute for so important an office: and in doing so, there will be occasion to supply other deficiencies in the Hospital tables. The details proposed consist of extracts from the tables of the price of corn and meat; and of tables of the wages of labour. Called on to reject from an estimate of the general rate of labour, the wages of mechanics, husbandmen, and of full grown able-bodied men generally, as subject to "peculiarity of demand;" to what description of labour, and to its wages, are we to apply for an inference of the value of money; and to enable us to determine, whether any general advance of wages, did or did not take place in the period referred to? Mr. Tooke assures us, that "the labour " which did not come within the reach of such peculiarity of " demand appears not only not to have experienced any rise,

“but actually, in several instances, to have fallen in price, during the period in question.” But as the greater part of this gentleman’s work, mainly consists of attempts to form general rules out of particular and excepted cases, it will place this point on a more satisfactory footing, if we extract one of the two tables of that description of labour, which he considers as not falling within the objection of any peculiarity of demand; and from which description of labour he proposes that an estimate of the general rate of wages should be taken. This table contains an account of the wages paid by the piece for weaving cotton in Lancashire. It begins with the late war and ends in 1814.

Wages for Weaving the seven-eighth 74s. Printing Calico in Lancashire.			Wages for Weaving the 80 six fourth Cambric at Stockport.	
YEARS.	APRIL.		JUNE.	DECEMBER.
	s.	d.	s. d.	s. d.
1792	8	0		
1793	6	0		
1794	6	0		
1795	7	0		
1796	7	0		
1797	7	6		
1798	7	0	21 6	21 6
1799	7	0	22 6	21 0
1800	8	0	21 0	21 0
1801	8	0	21 0	22 0
1802	10	0	24 0	23 0 in Sep. 25s.
1803	9	0	20 0	16 0
1804	7	6	16 0	20 0
1805	8	6	19 0	15 0
1806	7	6	15 0	11 6
1807	7	6	14 0	14 0
1808	5	6	11 0	12 6
1809	6	6	16 0	16 0
1810	8	6	15 6	10 0
1811	5	6	11 0	11 0
1812	6	6	11 6	11 0
1813	8	0	12 0	15 0
1814	10	0	16 0 to 17s.	In April and May 20s. to 21s., and some speculators gave 22s. to 23s.
	23)	172 0		
		7 6 Average.		

Another table contains the wages for weaving muslin in Glasgow, from 1790, to 1814. It shows that 15*d.* had been paid for four successive years, commencing in 1790, and 19*d.* for the year following, for the same labour which had fallen during the depreciation of Money, to 7*d.*, 6*d.*, and 8*d.*

It is by these tables that is “negatived the progressive advance in wages, in a degree beyond the difference between “paper and gold, which has been ascribed to the Bank restriction.” But these tables go further; they exhibit a decline of wages. They are principally resorted to, for the purpose of proving that no material advance in wages took place between the date of the restriction act, and the years 1806 or 1807. But if admitted for that purpose, they must be admitted, also, as proof that a general decline of wages was experienced, not only from the restriction act to 1806 and 1807, but throughout the whole of the late war. A description of labour which falls in price, from 15*d.*, to 6*d.* and 7*d.*, during the period of an advance in the prices of necessaries, and of a depreciation of money, must of necessity have been affected by some great “peculiarity of demand.” That peculiarity of demand has arisen, I understand, from no other cause than the improvement of machinery. In Lancashire, a large population has long maintained an unequal struggle, and is at this time sinking beneath the destructive effect on their labour, of that particular description of machine which is called “the power-loom.” The master manufacturer can procure by the aid of the power-loom, the produce from one man of the labour of four; and he therefore pays to four of the manual weavers, little more than the wages of one.* These

* The following Extract from an intelligent account of the Cotton Trade, is to be found in the Supplement to the Encyclopædia Britannica, and is of importance beyond what it derives from this question. It was printed early in 1819.

“The obstacle to the success of this branch in Lancashire, seems to be the low wages at which goods are woven there by the hand. The population of this district, it appears, has reached an amount which makes it press at all times on the means of employment; and when trade is dull, to a great degree. Whenever trade, therefore, is in this state, the price of hand-weaving falls below what the goods can be produced for by machinery; making an allowance for its cost and maintenance. But

tables, therefore, possess no value, as affording ground for an estimate of the rate of a depreciation of money, or of the general wages of labour. It would be preposterous to admit such accounts as substitutes for the wages of husbandry labour. I have inserted two other tables of the prices of agricultural produce, and the wages of agricultural labour, and one of them, of the expenses and disbursements on agriculture during the American war, and during the last war. One of these tables is to be found in the report of the committee of the House of Lords, from whence the account of the wages of the weavers is drawn; the other will supply some of the deficiencies of the Hospital table. They are both the result of the personal inquiries of the parties that formed them; and of course refer to particular districts. Wages, therefore, cannot be taken to have advanced throughout the country, in each year, precisely with these tables; but the evidence they give of the advance in wages, and in necessities and expenses generally, in the late war, and the comparison they afford between that period and the American war, correspond with the tables of the Greenwich Hospital, in demonstrating the fact and extent of the late depreciation of money; and of its commencement from the restriction act. The tenor of the whole evidence given before the different committees on agriculture, likewise establishes the fact of agricultural labour having been doubled during the Restriction act.

“ A TABLE by Mr. J. EASTON, of Taunton, in the county of
 “ Somerset: shewing the prices of Wheat, Meat, Butter, Hay,
 “ and the progressive value of Lands and Tithes, in the parish
 “ of Bradford, county of Somerset, containing 895 Arable,
 “ 827 Meadow and Pasture, 62 Orchard, and 6 acres of
 “ Woodland.—The prices of Wheat, Meat, Butter, and Hay,

“ there is, besides, another thing which, at times, helps to bring the goods
 “ produced by hand-weaving, cheaper to market than those from the
 “ power-looms, namely, that yarns of inferior description can be used by
 “ the hand-weaver, and by great dexterity and pains, fabricated into
 “ marketable cloth. From these circumstances operating in favour of the
 “ production of goods by hand-weaving, the attempts to extend weaving-
 “ mills have not proved successful in Lancashire. But this struggle between
 “ the two processes, we think, must finally terminate in favour of the latter
 “ For the weavers cannot go on at the wages they have been reduced to.”

“are upon an average of each Ten Years, in Taunton
 “Market, from his own Journals; the prices estimated are
 “upon the average of payments upon his own farm, or of other
 “farms under his management or knowledge of.”

YEARS.	Average Price Winchester Bushel, good Wheat.	Average Price, Beef, Mutton, per lb., 16 oz.	Average Price Butter, per lb.	Average Price Hay, per ton.
	s. d.	d.	d.	s.
From 1773 } to 1782 $\frac{1}{2}$ }	5 11	2 $\frac{3}{4}$	6 $\frac{1}{4}$	35
1783 to 1792	6 2	3 $\frac{1}{4}$	7	38
1793 to 1802	9 5	7 $\frac{1}{4}$	14	60
1803 to 1812	12 6	8 $\frac{3}{4}$	16	70

YEARS. (repeated column.)	Gross produce of Parish of Bradford, estimated.	Land Tax.	Church and Poor Rates, Highway Rates.	Repairs, Buildings, Sluices, Gates, per Annum, estimated.
	£.	£. s.	£. s.	£.
From 1773 $\frac{1}{2}$ } to 1782 $\frac{1}{2}$ }	4,500	283 5	200 10	150
1783 to 1792	4,691	283 5	210 0	160
1793 to 1802	7,162 $\frac{1}{10}$	283 5	315 15	315
1803 to 1812	9,420 $\frac{1}{15}$	283 5	430 0	400

YEARS. (repeated column.)	Capital to Stock Farm, estimated.	Interest on Capital.	Labour, Manure, Smith's Bills, Carpenter's Wear and Tear, estimated.	Total outgoings, exclusive of Tithes, and Property Tax.
	£.	£. s.	£. s.	£. s.
From 1773 $\frac{1}{2}$ } to 1782 $\frac{1}{2}$ }	4,970	248 10	1,892 12	2,774 17
1783 to 1792	5,200	260 0	1,945 17	2,859 2
1793 to 1802	7,900	395 0	3,023 5	4,332 5
1803 to 1812	10,500	525 0	4,098 13	5,736 18

YEARS. (repeated column.)	Annual produce.	Average Value per Acre, about	Modus of		Labour- ers Wages per Day
	£. s.	£. s. d.	Great Tithes, Let at	Small Tithes, Let at	s. d.
From 1773 $\frac{1}{2}$ } to 1782 $\frac{1}{2}$ }	1,725 3	0 19 6	105	45	1 2
1783 to 1792	1,831 18	1 0 6	120	50	1 3
1793 to 1802	2,830 5	1 11 6	184	80	2 0
1803 to 1812	3,683 17	2 1 0	232	100	2 4

The next table contains the prices of farm labour in Cumberland, collected from personal inquiries by Mr. Jno. Rooke, of Wigton, and printed in a very intelligent pamphlet, by that gentleman. The wages of labour are compared with the price of wheat :—

Wages of farm Servants per Week in Cumberland.				Price of a Bushel of Wheat in England.				Wages of farm Servants per Week in Cumberland.				Price of a Bushel of Wheat in England.			
s.	d.			s.	d.	s.	d.	s.	d.			s.	d.	s.	d.
1770	..	6	6	.....	4	10		1794	..	8	0	.....	5	11	
1771	...	6	7	.....	5	7 $\frac{1}{2}$		Average of 5 years 7s. 5 $\frac{1}{2}$ d.				5	11 $\frac{1}{2}$		
1772	...	6	8	.....	6	6 $\frac{1}{2}$		1795	..	8	2	.....	9	0 $\frac{3}{4}$	
1773	...	6	9	.....	6	6 $\frac{1}{2}$		1796	...	8	4	.....	8	10 $\frac{1}{2}$	
1774	...	6	10	.....	6	1 $\frac{1}{2}$		1797	..	9	0	.....	6	11 $\frac{1}{2}$	
Average of 5 years 6s. 8d.					5	11 $\frac{1}{2}$		1798	...	10	0	.....	6	0	
1775	...	6	11	.....	5	11		1799	..	11	0	.....	8	3	
1776	...	7	0	.....	4	8 $\frac{3}{4}$		Average of 5 years 9s. 3 $\frac{1}{2}$ d.				7	11 $\frac{1}{2}$		
1777	...	7	0	.....	5	5 $\frac{1}{2}$		1800	..	11	0	.....	14	9 $\frac{1}{2}$	
1778	...	7	0	.....	4	10		1801	..	11	0	.....	15	6	
1779	...	7	0	.....	4	0		1802	...	11	6	.....	8	4	
Average of 5 years 6s. 11 $\frac{3}{4}$ d.					4	11 $\frac{3}{4}$		1803	..	12	0	.....	7	0	
1780	..	7	0	.....	4	9 $\frac{1}{2}$		1804	..	13	6	.....	7	6 $\frac{1}{2}$	
1781	..	7	0	.....	5	9 $\frac{3}{4}$		Average of 5 years 11s. 9 $\frac{1}{2}$ d.				10	7 $\frac{1}{2}$		
1782	..	7	0	.....	5	11 $\frac{1}{2}$		1805	..	14	6	.....	10	10 $\frac{1}{2}$	
1783	..	7	0	.....	6	0 $\frac{1}{2}$		1806	...	15	0	.....	9	7	
1784	..	7	0	.....	5	11 $\frac{1}{2}$		1807	..	15	6	.....	9	1 $\frac{1}{4}$	
Average of 5 years 7s.					5	8 $\frac{3}{4}$		1808	...	15	6	.....	10	6 $\frac{1}{2}$	
1785	..	7	0	.....	5	3		1809	..	15	6	.....	11	6 $\frac{1}{2}$	
1786	...	7	0	.....	4	8		Average of 5 years 15s. 3 $\frac{1}{2}$ d.				10	4		
1787	...	7	0	.....	5	1		1810	..	15	6	.....	12	11	
1788	..	7	1	.....	5	2 $\frac{1}{2}$		1811	..	15	0	.....	11	6 $\frac{1}{2}$	
1789	...	7	2	.....	6	2 $\frac{1}{2}$		1812	..	15	0	.....	15	8	
Average of 5 years 7s.					5	3 $\frac{1}{2}$		1813	..	14	6	.....	13	3	
1790	..	7	4	.....	6	3 $\frac{1}{2}$		1814	...	14	6	.....		
1791	...	7	6	.....	5	5 $\frac{1}{2}$		Average of 5 years 14s. 10 $\frac{1}{2}$ d.							
1792	..	7	8	.....	5	2 $\frac{3}{4}$		Deficient of 4 years 13				4			
1793	..	7	10	.....	5	9 $\frac{1}{4}$									

Respecting the price of wheat, Mr. Tooke states further, “that there was nothing like a progressive increase in price from 1797, commencing, as the reviewer and so many writers and speakers before him would lead the public to suppose;” but “that there was a decided fall in the price of corn in the aggregate, after the lapse of seven years from the Bank restriction, instead of the progressive rise asserted so

“ confidently to have been the necessary effect of that measure.” It is on a method of computation entirely false, that this assertion is founded. It is on a “ comparison of extreme points ;” by taking the prices of single years in two different periods, and setting one of these against the other ; the highest price of the gold money, against the lowest of the paper money. The price of corn varies greatly from year to year, whatever be the value of that money in which it is estimated. The only manner, therefore, in which the relative prices of corn in two different periods can be justly estimated, is to take the average prices of some short number of years in each period, and compare them with each other. By taking the prices of detached years, it might readily be proved, that the price of wheat was higher during the 30 years which preceded 1750, than in the thirty years which succeeded. Mr. Tooke’s calculations respecting the price of wheat from 1797 downwards are embarrassed, by a reference to good and moderate, and bad and indifferent harvests ; the estimate of most of which is probably a mistaken one ; but not to oppose one unsatisfactory conjecture against another, a computation is inserted here of the advance in wheat, subsequent to the restriction act, which will be found in a speech of Mr. Horner on the report of the bullion committee in May, 1811, and in which he has allowed for the state of different harvests :

“ But it is not” (said Mr. Horner) “ alone from the extraordinary rise in
 “ the market prices of the precious metals in this country ; a rise not to be
 “ accounted for on the ground of any correspondent rise in the markets of
 “ Europe, that the depreciation of our currency is demonstrable. The
 “ equally extraordinary rise in the prices of the necessaries of life, not as
 “ compared with the precious metals, but as compared with the actual
 “ circulation, affords a clear and convincing proof of its depreciation. The
 “ great and paramount standard of all value, Sir, is corn ; and in order to
 “ enable the committee to form an estimate by this standard, I shall beg
 “ leave to call the attention of gentlemen to the extravagant rise which
 “ has within the last few years taken place in the prices of that article.
 “ For the sake of greater precision, and to avoid any possible cavil, I propose to leave out of my consideration, the prices in those years in which
 “ any considerable scarcity has been felt.

“ It appears, from the Appendix to the bullion report, that from the
 “ year 1771 to the year 1785 inclusive, a period of 15 years, the average
 “ price of wheat was 46s. per quarter. It also appears that from 1786 to
 “ 1797 inclusive, being a period of twelve years, the average was 52s. but,
 “ omitting the years 1795 and 1796, which were years of peculiar scarcity,

“ the average was 47*s.* and 2*d.* Since the year 1797, however, a very different rate of increase will be found to have taken place, from that which existed between the two periods I first mentioned, as will be seen from the statement I am now about to submit to the Committee. During the period of twelve years from 1797 to 1808 inclusive, omitting altogether the two years 1800 and 1801, as years of scarcity, the average price of the quarter of wheat was 71*s.* and if the two years of scarcity were included would amount to 79*s.* What facts can possibly be required more strongly and indubitably to prove the incontestible depreciation of the Currency? What evidence more decisive of that circumstance can be produced, than that, whilst the precious metals, the practical measure, and bread corn, the real standard of all value, have maintained their due proportion towards each other, and both have equally risen as compared with our circulating medium, that such circulating medium is depreciated precisely to the amount of the rise of those real standards above its actual value?”

The progressive advance taken from the table from which this estimate is made, appears to have been—

Price of 5 years, ending 1801, but excluding	
1800 and 1801	56 <i>s.</i> 11 <i>d.</i>
Price of 5 years, ending 1806	70 <i>s.</i> 2 <i>d.</i>
Price of 2 years, ending 1808	76 <i>s.</i> 1 <i>d.</i>

A regular and progressive advance, from that period which both Mr. Horner and Mr. Tooke have taken for the date of the paper money of the restriction act; and an advance of 50 per cent on wheat for an average of 12 years ending at that period, for which the latter gives the depreciation of money as 4 per cent, estimated by the ounce of gold.

The discussion of 1811 turned wholly on the question, whether any depreciation of money did or did not exist? The discussion of the present day is as to what was the extent of that depreciation. Mr. Horner's argument here quoted is directed to the first point; it was the only one in discussion, the facts referring to it are stated with much candour, and the conclusion drawn from them is undeniable. But Mr. Horner falls into an extraordinary misconception, with reference to that other point, of the extent of depreciation, which was not indeed the subject in dispute, but which the statement here made bears upon. His argument on the existence of a depreciation in the restriction money, is of this kind. Gold bullion, which, at no former time, either of war or government expenditure, or loans, did ever advance to a higher price than 3*l.* 17*s.* 10½*d.*, in

the market, as long as the old description of money existed, has now risen above $3l. 17s. 10\frac{1}{2}d.$ in the new money of the restriction act. Bread corn, which, in the old money, did never reach to more than 46s. a quarter (by the average), under any circumstances, or at any time; has now advanced beyond this price in money of the restriction standard. You speak of a demand for bullion, and of a scanty supply of corn, but as neither of these can be shown to have, at any former time, caused bullion or corn to advance beyond $3l. 17s. 10\frac{1}{2}d.$ for the one, and 46s. for the other, before the introduction of the new money; so the advance of both must now be ascribed to the new character of the money in which those prices are estimated. It is not that corn and bullion have become dear, it is money that has become cheap; of a low or depreciated value. This proof of the fact of depreciation is irresistible. But these statements, as far as they have reference to the question of the extent of depreciation, refer to an erroneous estimate of the fact. "What evidence more decisive of depreciation can be produced, than that whilst the precious metals, the practical measure, and bread corn, the real standard of all value, have maintained their due proportions towards each other, and both have equally risen, as compared with our circulating medium; that such circulating medium is depreciated precisely to the amount of the rise of those real standards above its actual value." Now, it is evident, that though bullion and corn had both advanced, they yet had not equally advanced. They had not maintained their due proportion with each other; they had not equally fallen as compared with our circulating medium. Between 1797 and 1808 bread corn had advanced, as appears in this passage, on an average of that whole time, from 46s. to 71s. or more than 50. per cent, whilst bullion had advanced no more than about 15 per cent at its highest price, and only 4 per cent, according to Mr. Tooke, for an average of the whole time. Both bread corn and bullion are here taken as standards, by which to judge of the depreciation of money, but they do not give a like measure. Which are we then to take as correct? If this question had been pressed on the mind of Mr. Horner at that time, or if the state of the discussion had led to that consideration, it is probable he would have arrived at this, which is the true conclusion; that bullion afforded no more than an inferior and unequal mea-

sure of the relative value of two descriptions of money, with both of which it did not stand in the same relation ; exchanging against one as a commodity, in the manner of all other commodities ; but forming a component part of the other, and rather exchangeable *into* than against it. That bread corn exchanging as a commodity against both descriptions of money alike, was calculated to give the relative value of the two ; and that it in truth afforded the paper standard on which a correct judgment of the extent of depreciation could be formed.*

The prices of meat taken from the Smithfield table appended to Mr. Tooke's book, exhibit a progressive advance from the commencement of the table, and contradict his estimates.

That table gives the following result :—

	Beef.	Mutton.
Average of 5 years, from 1796 to 1800 ...	3s. 8 $\frac{1}{4}$ d.	4s. 3 $\frac{1}{2}$ d.
1805 ...	4s. 10 $\frac{1}{4}$ d.	5s. 5 $\frac{1}{4}$ d.
1810 ...	4s. 10d.	4s. 11 $\frac{1}{2}$ d.
1815 ...	5s. 8 $\frac{1}{2}$ d.	5s. 11 $\frac{1}{2}$ d.

These prices establish sufficiently the fact, that a progressive advance in meat followed the Restriction bill.

Looking again over the prices of grain during the period now treated of, there appears one particular year, to the price of which it is desirable to advert ; that is the year 1795, a season of great calamity, when, as appears from much concurrent testimony, as great a scarcity of food was experienced in this country, as has been known in modern times, and perhaps a greater scarcity, if we except the year 1800. It was in 1795 that Mr. Burke's treatise on scarcity was written. Expedients were then resorted to amongst all classes of society, by which to economise the use of bread corn. To refrain from that use was held a duty, amongst the upper and middle ranks. A committee of the House of Commons, appointed to consider " of the high price of corn," went so far as to recommend that an agreement to restrain its use, individually should be signed by the

* Since this paragraph was written, I have perceived that Mr. Horner did in reality arrive at this conclusion. In his speech in May 1816, on the renewal of the Restriction act for two years, he says, " that the opinions which he had formerly given" (viz. on the subject of the depreciation of money), " had received a strong and unexpected confirmation by late events ; but he had already modified the opinion which he had formerly held as to the price of gold. When by the depreciation of the currency, gold was permanently separated from paper, it was subject to all the variations in price, of any other article of merchandize."

members of the House. A decrease of marriages, an increase of burials, and a defalcation in the revenue, all evince a condition of great calamity amongst the poor. But when we turn from observing this state of distress, to that "high price of corn" which had occasioned it ; we find that price, as marked in the table appended to the Bullion report, for the average of 1795, no higher than 74*s.* 2*d.* a quarter, for the average of England and Wales ; 66*s.* 4*d.* for Scotland, and in Ireland 61*s.* ; and the average of 1796 appears as no more than 3*s.* or 4*s.* a quarter above these prices. These were the prices paid in metal money, depreciated indeed by the measures which led to the Restriction bill ; but still, in money of the metal standard, of a period of as great deficiency of food, and of as great distress on account of it, as appears to have taken place in this country, within any recent period. The year 1800 was another year of scarcity, and the yearly average of wheat then rose to 113*s.* 7*d.* for England and Wales, and in 1801 to 118*s.* 8*d.* ; but these were the prices of the restriction money fully established. Shortly afterwards ensued years, not of scarcity, but of abundance ; years of increasing revenue and increasing prosperity amongst the poor, whilst they paid, year after year, prices for wheat of 87*s.* 9*d.* 95*s.* 7*d.* 106*s.* 2*d.* 94*s.* 6*d.* 125*s.* 5*d.* and 108*s.* 9*d.*, which last five prices quoted, are the average prices of 5 successive years, ending with 1813. No committees sat in these years to consider of "the high price of corn," and "of distress arising therefrom." Those were not the prices of dear corn, but of cheap money ; not of scarcity, but of abundance. This period was distinguished by an increasing revenue and by a diminishing poor rate, as measured in food, as measured by the quantity of distress which sought relief, and by the quantity of relief given. Whoever turns from these prices, and the condition of the country which accompanied them, to the calamities which, in 1795, arose out of a deficiency of food, and "the high price of wheat," the price of which was 74*s.* a quarter, and then again considers that the money of 1795 was still of metal, but that of 1813 of an unlimited paper, in which wages had risen as well as corn, will see in that the exposition of the cause of these latter prices, and how it was that they were supported.

Those individuals who maintain that these prices were chiefly occasioned (that is, after allowing about one-fifth part, or 20 per

cent, for their computed depreciation of money) by difficulties interposed to the production of corn, by a scanty supply drawn from poor soils; by corn laws, and a laborious cultivation; appear altogether to overlook the circumstance, that the high price of corn is the least of the difficulties of which they are called on to explain the origin. If we admit that these high prices arose out of the necessity of bestowing increased labour on the production of corn, and out of the difficulties which obstructed its importation; then we shall require it to be explained what fortuitous combination of circumstances it was, that placed, at this critical period, double wages in the hand of the labourer, and thus enabled him to obtain his portion of that food, which he must have been otherwise unable to reach the price of. There is but one explanation of both difficulties: the prices were fictitious prices; the prices of an altered standard of money; the same cause which raised the price of corn for the farmer, gave to the labourer the means of purchase.

No more baseless delusion has ever been entertained, than that which held out to the landowner and the farmer, that the depression of agricultural prices was of a temporary nature, and that they were to expect, year after year, what was called a re-action; that is to say, paper prices paid in metal money; a high price of corn and a low price of labour. There is no market for corn but with the labourer. They will experience a reaction, but it will not be such a one as they dream of. The next high price of corn will bring with it evils of another kind, and to these evils our condition at present seems approaching: a beggared and reduced husbandry; land exhausted by excessive tillage, left without manure; cattle slaughtered at an unprofitable age; markets glutted, whilst the yard and the granary are empty; the trade of the corn-dealer annihilated; a rapid destruction of agricultural capital—all these are certain forerunners of a re-action in agricultural prices. The farmer is not destined perpetually to witness markets which return on his hands his cattle and his corn: nor whilst cheated by a false money, of a double value, and the victim of juggling contracts, to have his understanding perpetually insulted with theories of excessive production whilst he sees around him an almost total exhaustion of his stock: to this condition of things, there will be a change; it may be delayed by the greater breadth of land which the

plough forces. But the high price of grain, when it arrives, will prove as destructive to the labourers as the low price to the farmers. It is vain to offer predictions on that state of things; much will depend on accident, and on harvest, but an improvement on our present condition it will scarcely prove to be, when the starving manufacturers demand bread from a pauper yeomanry.

For the peculiar theory respecting prices which has been advanced by Mr. Tooke, there exists no foundation. It rests upon the assumption, that during a considerable period after the Restriction bill, no general, considerable, and progressive advance took place in wages, and in prices. That assumption being unfounded in fact, the system which rests on it falls to the ground; but it will afford important information, after some incidental remarks on the expansion and contraction of money spoken of, and on those details which are given respecting that assumed rise and fall of prices repeated between 1807 and 1816; to examine the period following; and to place in a just point of view some of those facts, which are connected with that great advance of prices, and depreciation of money which commenced at the end of 1816; and of that subsequent enhancement of money and fall of prices which followed, commencing early in 1818.

With respect to the effects of an extension and contraction of private paper and credit; that operations similar to those described have occurred, and must of necessity perpetually recur, where commerce and exchanges are carried on, is very certain. But when we are called on to believe that the depreciation of money in the late war, the advance in wages and necessaries, and in all property and commodities are mainly to be ascribed to operations of this kind; the proposition is too preposterous to be entertained. It is also exceedingly dubious, whether an advance of price in any particular commodity, or number of particular commodities, has not a tendency to raise the value of money generally, with regard to other commodities, instead of lowering it; and further, it is doubtful, whether an increase from such cause, of private paper and credit has not a like tendency. Those additional bills drawn and instances of credit given, all require to be discharged in that description of money, here called the "basis of the currency." An increased demand for this description of money is thus occasioned; and with its

increased demand its value must advance, unless its quantity be increased ; which increase can only take place from importing gold (which will not flow where prices are high) ; where the basis is of metal, and where the basis is of inconvertible paper, it can only spring from increased issues of that paper voluntarily made. Mr. Tooke will probably be of the same opinion, when he considers with attention the representation he has given of what took place in 1793. That was a period when a great contraction of paper money and credit is represented to have taken place ; and it was, of course, preceded by as great “ a growth of private paper and credit.” The account extracted from Mr. H. Thornton’s evidence of the contraction of this paper money which took place in 1793, is very full, and doubtless accurate, and it proves that the shock then given to private paper money and credit ; and their contraction was as violent as any which has been experienced since that time ; 26 country bankers, and 1,956 traders became bankrupts in that year ; and those banks that preserved the best credit, experienced a reduction in their circulation, as it would appear, of one-half. But no fall of prices accompanied this contraction of paper and credit ; nor did any advance of prices accompany their previous increase. This representation, therefore, of the period of 1793, proves, when it is examined, to be the destruction of the theory it is brought forward to support.

There are scattered throughout this treatise, many extracts of prices from those papers called “ Prices Current ;” and these extracts, which are much relied on in argument, appear on a first inspection calculated to convey important information. A price current is a paper which contains from week to week, the prices of commercial articles of every description ; and to extract the prices of the whole of these articles, from time to time, for the purpose of any general estimate, would be impracticable. But if such a number of the principal articles were chosen, as might fairly represent the whole, and being extracted in a list, their prices were given from one period to another ; a table thus formed would represent the variations in the value of money, as estimated in commercial articles ; and would form a valuable addition to our tables of the prices of necessaries, and of labour. These extracts appear, on a first inspection, to be documents of this description : they contain the prices of a variety of articles,

first in 1797, and in 1807; then from 1807 to 1810 and 1811: and another contains the prices of another period, viz. from 1811 to 1814. But on inspection of these tables, it will appear, that they do not contain an enumeration of the same commodities, with their prices continued from one period to another; but that for each different period is presented a different enumeration of commodities. Thus the account, from 1797 to 1807, is an account of the prices of twelve articles; that from 1807 to 1810 and 1811, is also an account of the prices of twelve articles; six of which appear in the first account, but the other six are new. In the extract formed to exhibit prices from 1811 to 1814; two of the commodities which appeared in the preceding period are taken, and eight others joined to them. Now, if the commodities enumerated in the first of these extracts, give a fair example of the average price of commercial articles generally at the time referred to, they are equally suitable as a measure of commercial prices generally, at all other times; and that information would be of value, which should give the different scale of prices of these same commodities at different periods. They would inform us how money varied in value; but to show how some particular commodities rose and fell at one period; and some other particular commodities at another period, may prove the industry of the compiler, but answers no purpose whatever with respect to this argument. It is, as though one should take the Greenwich Hospital tables, and say, here is a depreciation of money, as shown by coals and candles at one period; and at another period, as shown by the prices of meat and flour; and further on, I leave out meat and flour, and coals and candles, but find a depreciation by the price of labour. No useful comparison can be so formed. The writer in the Review, carried on the different prices of the same articles through the whole period of which he treated; and Sir George Shuckburgh did the same in his table of the depreciation of money, though it went back through centuries. These mercantile accounts, therefore, lose all weight; as well as the reasoning founded on them; and those various accounts also given by Mr. Tooke of the supply of particular commodities, at different times, appear to proceed on a principle similarly fallacious.

Leaving, then, this part of the subject, it is desirable to make

some observations on that general advance of all prices, which commenced in 1816, and continued until 1818; and on that general fall of prices which commenced in 1818; and by which prices were brought down to their present level. That this advance and fall in prices was great, far beyond any advance or fall in gold; and that it was general, is universally admitted. It brought with it, a short interval of prosperity, between the distress and low prices of 1815 and 1816, and those of the present time. A general advance in prices is a depreciation of money; it is a lowered value of money: to assert that all monied prices advanced, is to assert that money fell. Mr. Tooke's system as to this period is, that this fall in the value of money first; and next this subsequent enhancement of the value of money, arose, as during the war, out of an expansion and contraction of private paper and credit; which themselves arose mainly from first a scanty; and next an abundant supply of commodities. But, in the exposition of this operation, its author has lost sight of one particular commodity, the price of which is very intimately connected with this question; and of which we have an accurate account respecting its supply at this time. That commodity is gold bullion, which scarcely advanced in price at all, and which evinced a rise of no more than about 6 per cent, whilst commodities in general advanced to a rate difficult to estimate, but approaching or reaching to the prices of the war. This great advance of prices, it is said, was not occasioned by, nor connected with, any increased issue of Bank of England notes. An opinion presently to be observed upon, but if admitted, it would still be scarcely contended, that an expansion "of private paper and credit" is not as capable of advancing the price of an ounce of gold, as of a ton of iron, or any other commodity. Private paper is not capable of distinguishing between commodities; it cannot be believed that by private paper, all other commodities can be raised in price; but gold bullion, by nothing but the agency of Bank of England notes.*

* I perceive since, that Mr. Tooke in a note, admits that this increase of paper was calculated to advance the price of bullion, as well as of commodities. He says, "It may, at first, be matter of surprise that the enlargement of our circulation from these concurrent causes, did not

But if it be said, that bullion was kept down in its price at this time by an extraordinary supply, that must be admitted. Nearly seven millions sterling was drawn from the Bank coffers during this period, and thrown on the bullion market at a reduced price. It will be perfectly clear, that if this supply had been withheld, the price of bullion must have advanced to a higher rate during this period, than that 5 or 6 per cent above the old mint price, which it reached; but to what further extent may be questioned. Released from this operation, its advance would have been determined by other circumstances affecting its supply and demand; and no reason can be shown why it is not probable that bullion would have advanced, with the general advance of property and commodities, and to the same extent. There is nothing in bullion when measured in inconvertible paper to exempt it from these general rules which determine prices. Bullion advanced 30 per cent within a few months in the year 1814; and with a great advance in bullion at this time, what conclusion should we have arrived at? That money was as greatly depreciated; perhaps 10, 20, 30, or 40 per cent; that same money, the same in quantity, the same in its power of exchange against commodities, differing in nothing but in its power of purchasing bullion, which we are now told was depreciated 5 per cent—bullion, at 5*l.* or 6*l.* an ounce during this period, there would have appeared but little difference of opinion respecting the depreciation of this period. The rate of depreciation would have been agreed on; but not its cause. Mr. Tooke might still have ascribed it to the “expansion of private paper and credit;” and to scanty supplies. When money increases in quantity faster than commodities, there will always appear a scanty supply of commodities. When money is lessened in quantity, whilst the quantity of commodities is not lessened, commodities will appear to exist

“diminish the value of it, relatively to other countries, in a greater degree than was indicated by the fall of the exchanges in 1817 and 1818;” and this he accounts for, not by referring to the issue of bullion at this precise time by the Bank, but by a supposition that at this period money fell also in value on the Continent, and throughout the commercial world at large.

in an extraordinary abundance. This is a never failing rule, the want of attention to which has greatly embarrassed our political economists.

The price of gold, said Mr. Ricardo, at the passing of Mr. Peel's bill, is a measure of the depreciation of money. Depreciation of money signifies an advance in the mint price of gold. Gold being 4*l.* 1*s.* 6*d.*, the depreciation being 4 per cent so estimated, the return to cash payments at 3*l.* 17*s.* 10½*d.*, will consequently occasion a fall, not in the price of gold only, but in the price of all commodities, of 4 per cent, and no more—"a circumstance " which must be attended with some little inconvenience."*

It is thus, as has been already explained, that the term depreciation, defined first in one sense, is immediately made use of in a different sense. This gentleman has since given us a different estimate of the fall in the prices of commodities. "The " whole increased value of the currency, since the passing of " Mr. Peel's bill in 1819" he says, "may be estimated at " about 10 per cent." But bullion has not fallen since the passing of this bill, 10 per cent. Bullion has fallen no more than 4 per cent, or from 4*l.* 1*s.* 6*d.* to 3*l.* 17*s.* 10½*d.* Bullion is not, therefore, a measure of the alteration in the value of the currency; for the currency has risen 10 per cent, and bullion fallen no more than 4. The Bank, it is contended by Mr. Ricardo, adopted measures in consequence of Mr. Peel's bill, which had the effect of raising the currency 10 per cent in value; thus all prices were made to fall 10 per cent, and bullion would have been made to fall by these measures 10 per cent also; it would have fallen to about 3*l.* 13*s.*: but the Bank then stepped in, and became purchasers of bullion, by which means they prevented it from falling below 3*l.* 17*s.* 10½*d.* But if a purchase of bullion on the part of the Bank, be capable of preventing bullion from falling, with an advance in the value of the currency, it must be equally clear, that a sale of bullion by the same body, can prevent bullion from advancing along with a depreciation of the currency. It is a singular inconsistency which can persist in maintaining, that the price of gold at the

* See his Evidence before the Lords' Committee.

passing of Mr. Peel's bill, is to be taken as an unerring measure of the then depreciated value of the currency; after the admissions now referred to. If the purchase of bullion by the Bank, prevents a reduction in its price; a sale of bullion must also prevent an advance. If bullion do not in the one circumstance mark by its price, the rate of advance in the value of the currency; so it does not in the other, mark the rate of its fall.

That the effect produced by this issue of gold by the Bank at this period, was in reality to keep down the price of bullion, and to prevent an advance in that article which must without such issue have taken place; we collect, from what is stated by Mr. Turner, a director of the Bank, in his letter to Mr. Peel. It is, in fact, on this very ground of this issue of gold, being calculated so to operate, that Mr. Turner defends the conduct of the Bank directors in making that issue. The committee of 1819 appear to have imputed some blame to the Bank on account of the issue of this gold; and Mr. Turner in defending this proceeding, says, "Suppose that the directors had acted differently from what they have done; that, instead of opening their doors partially to cash payments, they had kept them hermetically sealed up to the present day," (the date is 31st May 1819) "which by the Report of your committee, it is insinuated they ought to have done: It is true, the Bank would have had nearly seven millions of gold more in its coffers than it has at the present moment; *but at what rate, would the Exchanges have been during this period?*"

This gentleman appears to express here, some degree, perhaps, of want of respect for the opinion of the committee; and if he did so, it was not without justice, for the committee complained, first, that bullion had advanced in price; and next, of the very measure which had prevented its further advance. And this feeling of the committee corresponds with that by which the government has been actuated throughout the whole of these transactions, from 1793 downwards. They wished to combine during the war, the advantages of a depreciated money, with the credit of paying their debts honestly; and afterwards to get back to the old standard, without making it known, that they had ever departed from it. To the question put here,

“at what rate would the exchanges have been during this period, if this seven millions of gold had not been issued?” Mr. Turner does not give a reply; nor would it be easy to form an estimate of the effect of such an operation. In the evidence of Mr. Haldimand, is a passage which may give some means of judging. “If my house were to-morrow to receive an order “from a Paris banker to remit him without limit so small a “sum as 100,000*l.* sterling, it would affect the exchange in the “common scale of business, I should say to the extent of one “or two per cent.” (Evidence of Mr. Haldimand, Lords’ Committee.) From which, it will probably be admitted to follow, that if the Bank, during any one week of these examinations, had carried a single 100,000*l.* of gold to the bullion market, in addition to the gold which they actually issued, and had sold it there without reserve, or at a price below that of the market, that this operation would have caused a fall of 1 or 2 per cent in gold; and thus have given to the committee a measure of the existing depreciation, different from that which they acted on. It will be equally agreed, that a single 100,000*l.* withheld, of that gold actually issued at this time, would have caused an advance of gold of 1 or 2 per cent; and thus have given what would have been taken by the committee, as a higher measure of depreciation. Individuals conversant in the bullion market at that time, and daily making purchases or sales in it, have informed me, that the effect of those issues by the Bank was precisely as is here described; and that the dealers in bullion, throughout this whole period from 1817, to the sitting of the committee in 1819, did uniformly, in forming in one week their estimate of the probable price for the next, refer to the probable amount of gold which could be drawn from the Bank. Their common calculation was this: if the notes which draw gold from the Bank shall prove to be exhausted, gold will advance immediately beyond its present price. If fresh notes draw out a new supply of bullion from the Bank, there will be no advance. This was not, it is to be observed, a mere sum of 100,000*l.* thrown on the Exchange market, but a sum of nearly seven millions. It was after the rate of 100,000*l.* a week, for nearly 70 successive weeks, extending throughout the whole of the year 1818, and commencing in the Autumn of 1817.

It was thrown upon the market without reserve on account of price; and was issued constantly at a rate, beneath the regular price of the market. That this operation must have greatly influenced the price of bullion during this period, cannot be disputed; and when it is observed, that even under the influence of these sales, so great was the tendency of bullion to advance, that it still rose to 4 or 6 per cent above the mint price; it will seem a probable conclusion, that except for these sales, the price of bullion would have advanced at this period in an equal degree with the prices of property and commodities. It is surely an extravagant mode of reasoning, which can persist under such circumstances as these, in considering the price of bullion as a measure of the depreciation on the value of money; and which, after finding that property and commodities had advanced 40 or 50 per cent, or in other words, that money had actually depreciated 40 or 50 per cent, in reference to property and commodities; can still proceed to maintain, that the depreciation of money was in fact, no more than 6 per cent; and that all further advance of price which accompanied this depreciation, must be accounted for by some obscure and unintelligible theory, the best which can be produced for the occasion.

An examination of the fall of prices from 1818 downwards, will elucidate, in some degree, the advance from 1816 to that time. Mr. Tooke ascribes that fall, as usual, to increased supplies; a diminished occurrence of purchases and sales on credit; and "a diminution of that part of the circulating medium which does not consist of Bank-of-England notes or coin." These causes are all of them unconnected with any reduction in the notes of the Bank of England. "The conjoint operation of those causes," (the three above stated) "rendered the restoration of the currency inevitable, unless the Bank of England had resorted to an overwhelming increase of its issues purposely to prevent it." So that Bank-notes being depreciated to the extent, at one time, of 6 per cent, as compared with gold, that depreciation was capable of being restored by abundance of commodities; by diminished purchases on credit; and by diminution of private paper.

"To prove that these causes were amply sufficient to occasion a restoration of the value of the circulation, without any con-

“ traction of the basis of the currency, it is only necessary to
 “ refer to the declaration of the Governor of the Bank, who
 “ stated, in a Court of Proprietors, of 21st March, 1822, that
 “ “ if the Bank had erred it was not on the side of a reduction
 “ “ of the circulating medium ; for, upon looking at the amount
 “ “ of their issues, he found that on the 9th March, 1822, their
 “ “ issues exceeded, by the sum of 3,859,000*l.*, those of the
 “ “ same date in the preceding year (9th March, 1821), and
 “ “ that the latter exceeded the issues of the 9th March, 1820,
 “ “ by the sum of 3,440,000*l.* It was, therefore, quite clear
 “ “ that the repayment of the government debt called for in
 “ “ July, 1819, did not induce the Bank to diminish their issues,
 “ “ for they had been increasing them in the years which have
 “ “ since followed.” To which it may be answered, that if this
 declaration, as it is thus quoted, be admitted to prove this pro-
 position, it must be admitted also to prove much more ; for not
 only does it state that no diminution “ of the basis of the cur-
 rency” took place during this period ; but further, that a great
 addition was then made to the basis of the currency ; that is to
 say, of no less an amount than 7,299,000*l.*

That there was some fundamental error in this statement,
 ought to have been manifest to Mr. Tooke, when he brought it
 forward as proof that the value of the currency had been raised,
 without any “ diminution of its basis.” In April, 1822, Mr.
 Ricardo had pointed out in what the error of the Governor of
 the Bank consisted, and explained that it had arisen from the
 circumstance of his having confounded the issues of sovereigns
 with the issues of Bank-notes. Mr. Ricardo, by means of taking
 into account notes of 5*l.*, and upwards, alone ; and excluding
 both notes of 1*l.* and sovereigns, prepared another estimate re-
 specting “ the diminution of the basis of the currency” in place
 of that which Mr. Tooke has quoted. His estimate is this—

Feb. 1818	£.19,077,957
1819	16,148,098
1820	15,393,770
1821	15,766,270
1822	15,780,770

Exhibiting an undeniable diminution to some extent, at least, of

“the basis of the currency.” The extent there will presently be occasion to examine further; but, in the mean time, we will proceed with Mr. Tooke’s argument, who, overlooking this statement altogether, proposes to confirm the declaration of the Governor of the Bank by the opinion of Mr. Turner, an extract from a work of whom has been just referred to. Mr. Tooke, it is to be observed, in the whole of this present question, refers to two distinct periods, without marking the distinction. When he speaks of the fall of prices, the cause of which is in dispute, he refers to the fall of prices which commenced early in 1818, or at the end of 1817. But when he speaks of a “diminution of the basis of the currency,” and denies that the fall of prices in question was in any way occasioned by such diminution, he refers to a period commencing at the passing of the act of 1819. This mode of argument embarrasses the subject until the confusion of dates is cleared up. It stands, then, thus: if no reduction of Bank-notes has taken place since 1819, it follows that a fall of prices, commencing in 1817, was not occasioned by a diminution of Bank-notes. Whilst the state of facts is, that a great and systematic reduction of Bank-notes commenced in 1817, and was, in a great measure, completed in 1819; at which latter period a reduction of country-bankers’ paper, occasioned necessarily by the diminution of the notes of the Bank of England, was in the midst of its operation. When the pamphlet of Mr. Turner is quoted, where that gentleman declares that Mr. Peel’s Bill had operated on the Bank only as a dead letter, this distinction between the date of Mr. Peel’s Bill and the fall of prices, denied to have been occasioned “by any diminution of Bank-notes,” is forgotten to be pointed out. That the measures of the Bank, for returning to cash payments at the old standard, had been arranged with the government, and were, at the passing of Mr. Peel’s Bill, carried, in a great degree, into effect, no one now doubts. But, at the commencement of 1819, many disbelieved in the existence of such measures, and, in fact, believed that it never was the intention of either the Government or the Bank to proceed to cash payments at all. Amongst those who appear to have held this opinion, was that body which forms what is called the regular opposition in parliament. These gentlemen undoubtedly disbelieved

the professions so frequently made by the Government and by the Bank, of their desire to re-establish cash payments. The administration took advantage of their incredulity, and, by the committee of 1819 (which inquired into nothing essential to the measure before them, and which disclaimed all intention of so inquiring), and by the Act brought in by Mr. Peel, upon the Report, the signature, as it were, of the heads of the opposition party, was procured to that bond which has since excluded them from place; and this was the main object for which the committee was appointed, if a judgment can be formed from the course which they pursued. If the opposition had stood aloof at that time, and had refrained from committing themselves to the support of a return to the old standard of 1792, at that critical period, when the steps for re-establishing that old standard were nearly complete, but when its effects were yet to be felt on the country, they would, before this time, have driven their opponents from place, amidst the universal execrations of the country, as men who had attempted to put in execution a more extensive system of public and private injustice than had ever before been developed. Although, therefore, the particular Act called Mr. Peel's Bill, has appeared to Mr. Turner as a mere dead letter, it is to be doubted if that bill were held in any such estimation by lord Londonderry, Mr. Vansittart, or Mr. Huskisson. They viewed this bill, he may rest assured, as a much more important document than he does. Mr. Tooke, when he quotes Mr. Turner's declaration respecting the issues of the Bank, that they had not been diminished, overlooks the reasons immediately afterwards stated, on which Mr. Turner founds that declaration; and which reasons the least attentive observation of, would show to be erroneous. Mr. Turner's statement is founded on an account which he gives of notes in circulation in the years 1815, 1816, 1819, 1820, 1821, and 1822, out of which account, as will be seen, the years 1817 and 1818 are left; whilst those years are, in reality, the most important from which a proper comparison can be made, of that diminution of Bank paper, which has accompanied the late fall of prices; for those are the years of the highest circulation of notes, and of the highest range of prices. The reason of Mr. Turner omitting these two years, is founded on a singular mistake. He says, that he

omits those two years, because “a large number of country banks failed in those years, and a run took place on many of the most respectable establishments.” The manner in which numerous failures amongst the country banks affect, temporarily, the amount of Bank of England paper, there will be occasion presently to advert to; but, at present, the question is as to the fact of such failures at this particular time. By referring to the tables, the failures amongst the country bankers will be found to have been, in 1815, 26; in 1816, 37; in 1817, 5; in 1818, 6. The period, therefore, is evidently mistaken, during which the failures amongst the country bankers took place; and, that mistake corrected, the years 1817 and 1818 must be restored to the list, and the years 1815 and 1816 struck out. The failures in 1817 and 1818 were extremely few; those were of minor importance; nor did any run take place in those years on any considerable establishments. The actual extent of reduction in the notes of the Bank of England, which took place during the reduction of prices, the origin of which is now in question, has been given by Mr. Turner in another place; and, as there can be no better authority, I insert his account here. It omits the two years 1815 and 1816, and replaces the years 1817 and 1818. [See Mr. Turner’s Letter to Mr. Peel, page 66.]

Aug. 16, 1817, Bank-notes *	.....	£.30,112,661
Nov. 16,	Ditto	29,446,087
Feb. 16, 1818,	Ditto	28,742,826
May 16,	Ditto	27,985,839
Aug. 15,	Ditto	26,603,997
Nov. 14,	Ditto	26,026,540
Feb. 13, 1819,	Ditto	25,680,114

Mr. Turner’s account proceeds thus far; and, by further accounts it appears that,

May, 1819, Bank-notes stood at	£.23,900,000
Aug.	{ 26,000,000 return, perhaps doubtful }
Nov.	Bank-notes
	24,000,000

* The highest amount of Bank of England notes about this period appears to have been Aug. 9, 1817, when the amount was 30,920,360*l*.

Feb. 1820, Bank Notes	.....	24,000,000
May	Ditto	..... 23,900,000
Aug.	Ditto	..... 24,400,000
Nov.	Ditto	..... 23,400,000

And at this period the joint issue of Sovereigns and 1*l*. notes, confounds the accuracy of any farther comparative statement thus taken; but, if we adopt Mr. Ricardo's method of computation, it gives a similar comparative result, and carries it to the present time.

November 1817, Notes of £.5 and upwards	19,600,000
November 1818,	16,900,000
November 1819, (I have no account)	
November 1820,	15,300,000
November 1821,	14,800,000
May 1822,	14,600,000

There is here, then, a great and regular diminution of “the basis of the currency,” commencing a little before that great fall of money prices, which is ascribed at one time in a great measure to a contraction of private paper; and which at another time, it is said “may be equally accounted for, by circumstances connected “with the supply of commodities, relatively to the average rate of “consumption, and finally, as the result of the whole,” that this fall of prices did not arise out of any measures connected with the Restriction bill, except as far as a fall in the price of gold indicates, which fall was no more than from 4 to 6 per cent.

Mr. Turner, as has been seen, considers that the nominal amount of the circulation of the Bank, is to be considered with reference to the state of the country circulation. His words are, “It is true I have placed out of consideration, the years 1817 “and 1818, and I have done so because it would be inconsistent “with any degree of fairness, to calculate upon those years, as “showing the extent of the average demand for Bank-notes. It “is quite notorious that in those years, a large number of “country banks failed, and a run took place upon many of the “most respectable establishments, so that they were obliged to “convert a considerable portion of their floating securities into “Bank-notes, in order to guard against a sudden panic. It

“ has so happened, however, that many of the notes issued in
 “ those years from the Bank, in consequence of this unusual
 “ demand, never got into general circulation, and in many
 “ instances they have been returned precisely in the state they
 “ went out of the Bank, without having passed into any other
 “ hands than in those of the country banker and his town agent.”

These observations are perfectly just, and convey very important information, though it is manifest that in a singular manner, the years are mistaken to which they apply. There were never fewer failures amongst the country banks, nor less alarm, than in the years 1817 and 1818, nor was their circulation placed at any time in a greater state of discredit than in 1815, and the former part of 1816. The period of 1793, of 1810, and that of 1814, 1815, and the early part of 1816, have been the three periods of failure and discredit to the country circulation. These observations respecting the manner in which the Bank of England circulation, ought to be considered with a reference to the state of credit of the country circulation, agree with observations of a similar nature, which will be found in a Speech of Mr. Manning's, reported in “ Hansard's Parliamentary Debates,” for 8th December, 1812. This gentleman then observed: “ In July or August 1810, it would be remembered that the number of notes in circulation, was about
 “ twenty-five millions sterling; but this excess was occasioned by
 “ the failure of two large houses in London, which produced a
 “ considerable sensation in the country. Bankers in the various
 “ principal towns, then made demands upon the Bank, to ensure
 “ themselves against the consequences of a run upon their firms;
 “ but within six months the greater part of three millions was
 “ returned to the Bank of England, without having been employed. It could not, therefore, with justice, be said, that
 “ the issue of Bank-notes at this time was excessive, or that the
 “ high price of bullion had been occasioned by it.” The manner thus appears, in which we are to make allowance for one essential circumstance, in estimating the nominal amount of Bank of England paper, with reference to the state of the country bankers circulation. When the credit of that circulation is low, in consequence of numerous and sudden failures, the whole amount of Bank of England paper, which appears on the ac-

counts, ought not to be considered as in actual circulation, or in a state in which it is capable of advancing prices, or of depreciating paper.

This consideration will explain a circumstance which has involved Mr. Tooke in frequent error. It will explain, why he sometimes found an increase of the notes of the Bank of England taking place, during a period distinguished by no advance of prices; and from which he draws a conclusion, that the amount of Bank-notes, and the scale of prices had no material relation one to the other. It will explain further, how it was, that a great reduction of country paper took place in 1810, accompanied with an increase of Bank of England paper. This is the period to which Mr. Manning refers; and in this observation of his, will be found a solution of contradictions which appeared on some other occasions, between the variations in the circulation of the Bank, and that of the country bankers. At particular times, the country circulation has been reduced, whilst the Bank circulation appears nominally to have increased; and again, at other times the country circulation has increased, whilst that of the Bank appears to be lessened, by the return to the Bank of those notes which were held by the country bankers in their alarm. It has been erroneously inferred from this, that the country circulation during the Restriction bill, was not dependant on the Bank of England circulation, for its extension and limit.

We learn, then, from Mr. Manning, that in the latter part of 1810, Bank-notes, amounting to "the greater part of three millions," although in circulation, yet remained in a situation in which they were not capable of raising prices or depreciating paper; that this circumstance arose out of failures, and alarm amongst the country bankers. The number of country bankers that became bankrupt in 1810, appears to have been 26. In the years 1815 and 1816, the number appears as 26 in the first year, and in the latter 37. In the early part of 1816, the discredit of the country circulation was at its height. It was in that part of the year, or prior to August in that year, that nearly the whole number that became bankrupts in 1816, suspended their payments. If the greater part of 3 millions of Bank notes, therefore, were locked up and withdrawn from actual circulation, by the alarm of 1810,

it is by a very moderate computation that we deduct 3 millions of Bank notes, from the nominal circulation of the Bank during the failures which occurred in 1815, and early in 1816; and that we consider these 3 millions as having been returned to the Bank in the latter part of 1816, when confidence became re-established.

After making this deduction, we shall see the actual, or effective circulation of the Bank, in the early part of 1816, standing at little more than 23 millions. Taking May 1816, and allowing for 3 millions locked up with the country bankers, the effective circulation will stand at 23,300,000*l*. This circulation was increased by the autumn of 1817, to 30,112,661*l*.; the whole of which latter sum, must be taken to have been in effective circulation, and operating upon prices. We have subsequently seen the circulation of the Bank reduced again to 23,400,000*l*., on which level it may be taken at present to remain.

The circulation of the Bank of England, then, having been reduced since the autumn of 1817, from 30 millions, at which it then stood, to between 23 and 24 millions, at which it must be taken now to stand; there exists abundant evidence to show, that a reduction of country paper commenced in 1818, and that it has since proceeded. It followed the reduction of the notes of the Bank of England, and was a consequence of that reduction. There have been no failures amongst the country bankers since 1816: no contraction of their paper can be shown, but what has been necessarily forced on them, by the contraction of the Bank of England circulation. And it would appear also, as far as an opinion can be formed, by a reference to the produce of the stamp duties on bills of exchange from year to year, that there has taken place no reduction in private paper generally, during this last period, which has not also followed and been produced by the reduction of the paper of the Bank.

For the opinion, that during the fall of prices from 1817 and 1818 downwards, there has taken place a great reduction of country bank paper, in consequence of any circumstances peculiarly affecting the country bankers, there is no foundation whatever. Nor does the assertion, that a great reduction in private paper has been in a similar manner effected, rest on better ground. It cannot be shown, that there has been any greater diminution of either of these descriptions of paper, than

a reduction of 6 or 7 millions of Bank of England notes would have forced upon the issuers, whatever had been the existing circumstances of supply and demand. So great a fixed portion of the notes of the Bank of England, are occupied at all times in the operations of the revenue, whatever their circulation may be, that a reduction of one-fourth, or one-fifth of Bank of England notes, is calculated to occasion a greater proportionate reduction than that, of all other paper. The notes absorbed by the revenue, do not act on the country paper. We cannot estimate the extent to be allowed for this; though it is certain that it must be considerable. We may state, however, that whatever may be the variations of supply and demand which are supposed to exist; the country bankers and the issuers of private paper, could no more maintain their circulation on the level of 1817 and 1818, after the circulation of the Bank of England had been forcibly reduced from 30 millions to 23 millions, than the Bank of England itself could maintain a circulation of 30 millions, whilst its notes were payable in gold, at 3*l.* 17*s.* 10½*d.* an ounce. One reduction must follow the other; we may deceive ourselves with theories regarding supply and demand, of production excessive, or inadequate, with partial accounts of the quantities of particular commodities, and with causes of exception formed into general rules; but we must return at length to this: that 3*l.* 17*s.* 10½*d.* for gold, limits without remedy, the amount of the circulation of the Bank; it limits irremediably, the circulation of private paper of whatever description: and that the limited amount of money thus permitted to circulate, limits the range of all prices estimated in money.

It would be easy to show, by what process it is, that a reduction of paper money thus effected, reduces the prices of property and commodities; to trace the details of that process; and to explain how it necessarily produces those appearances in the markets of commodities, which have bewildered Mr. Tooke, and many others with him, but it is not necessary. Suffice it to say, that while it is certain that a reduction of the quantity of money in circulation, necessarily occasions a reduction in the monied prices of all commodities; it is of equal necessity, that the price of no commodity whatever can decline, without some alteration in its relative proportion of supply and demand. The

manner, therefore, in which a lessened quantity of money reduces moneyed prices, is by operating on those ulterior principles by which supply and demand are themselves governed. A scarcity of money makes an abundance of goods. Increase the quantity of money, and goods become scarce. The relative proportion between money and commodities can never alter without producing these appearances. Mr. Tooke, and Mr. Ricardo, will find in this obvious principle, an exposition of many of the difficulties and inconsistencies in which they have involved the subject.

It is not true, that the advance of prices from 1816, preceded the increased issue of Bank of England notes of that period, any more than it is true, that the subsequent fall of prices preceded the reduction of Bank notes commencing in 1817. The fact is precisely the reverse of this. It was in the early part of 1816, that the Bank of England consented to advance 9 millions * on loan to government; on which, and on a subsequent advance, the increased issues of the period referred to were founded. In what manner was it that the Bank of England made this advance? Not in gold; for it is known that they issued none at this time. Not by disposing of Exchequer bills; for that would have been a reduction of their advance to government on the one hand, whilst they were increasing it by agreement on the other. Not by calling in their advances to the merchants; for at the period when this loan of 9 millions was agreed to, the conduct adopted by the Bank, in its transactions with the mercantile body, then in a state of extreme depression and distress, was, that they afforded that body an extraordinary degree of assistance and accommodation. How, then, was this sum of 9 millions advanced? If the Bank neither advanced it in gold, nor by calling in other debts, it must have been of necessity advanced by issues of notes. As these notes, issued without any equivalent being given for them by the public, fell into the circulation, the scarcity of circulation that had been previously felt, became relieved. The mercantile body, supplied with a greater abundance of circulation, refrained from carrying

* The actual advance on loan in 1816, appears about 7 millions. To this a considerable further sum must be added, for government balances then withdrawn.

their bills for discount to the Bank. Bank notes existed in abundance in circulation, whilst the merchants were left in possession of their bills of exchange, which they knew would at all times command other Bank notes. Confidence being thus re-established, the notes which had been held in a dormant state by the country bankers, were returned to the Bank, in re-payment of advances by the Bank to the merchants. They were re-issued by the Bank in their advance to government. The immediate result of this operation therefore, was, an addition of about 3 millions to the effective amount of Bank notes in circulation; and a change of the security on which another 6 millions was advanced, from a mercantile to a government security. Instead of that 6 millions of circulation being founded on 6 millions of bills of exchange, locked up in the chests of the Bank, as was the case in the former part of 1816; that circulation was founded in the latter part of 1816, on an advance to government, and existed in conjunction with the 6 millions of bills of exchange, which remained in the hands of the merchant. No man acquainted with the details of what is called the money market, will consider this as a trivial operation. If it had been accompanied with no additional issues of Bank-notes whatever: if no 3 millions additional effective circulation had been thrown out; the circumstance alone of 6 millions of Bank-notes having undergone a change in the security on which they were issued; having been issued on advances to government instead of having been issued on the bills of the merchants, was of itself calculated to operate immediately on the value of money. It left a power in the hands of the merchant of adding at any time 6 millions to the circulation, and each merchant who possessed his portion of that power felt himself at liberty to make a more active use of the notes in his possession. Those who ascribe so much influence on prices to the circulation of bills of exchange, will see in this operation, 6 millions at once added to the amount of bills of exchange in circulation, and 3 millions at the same time to the effective circulation of the Bank; and this took place immediately after the spring of 1816. "The debt of the government to the Bank" say the Bank Committee Reports, "was increased between February and August 1816." This operation therefore (on which was founded, and which was the commencement of the increased

issues of the Bank at this period) immediately preceded that “tendency to a general advance in prices,” that “general looking up of the prices of commodities,” which Mr. Tooke says, he observed (and doubtless did observe, for they were the necessary consequences of this operation) “in the last six months of 1816.”

The facts, therefore, with reference to the high prices of 1818, stand thus:—Beginning with 1814, a considerable reduction in the Bank circulation was effected. In 1815, and 1816, money of the old standard-value was restored. It circulated at par with our paper money. We have now established this old standard again; money of that value again circulates on a par with paper. Monied prices estimated in this standard fell in 1815 and 1816; and now again stand at the level of money price which the old standard formerly gave. But this period from 1815-1816, to the present time, has not been one uninterrupted period of low prices, and of money of the old standard: 1817 and 1818 intervened, in which the attempt to maintain the old standard, was for a time abandoned. An extension was given to the Restriction act. The Bank changed the basis of a part of its circulation, from one which locked up the bills of the merchants, to one which restored those bills to circulation. And the Bank in addition to this, made a positive increase, which may be taken at 6 or 7 millions, to its circulation of notes.

During this suspension of the old standard, and of the measures necessary to maintain it, prices advanced to the rate of the war prices. These were not the prices of scarcity; for they were accompanied with an extraordinary degree of prosperity, amongst all classes. The revenue, which had rapidly fallen off in 1815, and 1816, and which again greatly fell off in 1819 and 1820, experienced a rapid increase in 1818, to an extent, of which no other instance can be given. Gold bullion evinced a strong tendency to advance greatly in price, but was prevented from advancing beyond 5 or 6 per cent, in consequence of great sales by the Bank. The prosperity of that time extended alike to agriculture, to manufactures, to commerce, to the shipping interest, to the revenue, and every other essential interest of the state. It was no more than the case which the country felt, when its contracts of all kinds, and burthens, were again exacted in money of that value in which they had been founded.

With respect to an expansion and contraction of private paper and credit, unconnected with "the Basis of the Currency;" the increased circulation here referred to has had no such dubious and obscure origin. The addition made to the notes of the Bank of England in 1816, and 1817, was a pure emission of an inconvertible paper money, in no manner whatever arising out of any previous increase of prices, nor out of the connexion between the Bank and the mercantile body. The subsequent diminution of the notes of the Bank from the latter part of 1817; downwards, was the result of a regular and gradual system for withdrawing again from circulation, that inconvertible paper money which had thus been poured into it. This reduction in the amount of Bank-notes was in no way connected with any previous fall of prices, and consequent reduction of demand, on the part of the mercantile body, for advances from the Bank. It preceded the fall of prices, and was effected during a continually increasing demand on the part of that body for advances from the Bank.

The increase of private paper of all kinds, which took place from 1816 to 1818, followed the increase of Bank of England notes: the reduction of private paper from 1818 to the present time, has followed the reduction of Bank-notes also. Both were the necessary consequence of these operations; and there is no reason whatever to believe, that private paper either increased, or diminished at this period, in a greater proportion than the altered circulation of the Bank admits, and limits. There is no reason for thinking that private paper had increased in 1818, in any greater degree than would have been maintained if the circulation of the Bank of England had been maintained also.

That the high prices of the war, and the low prices of the present time, have been occasioned by our alterations from one standard to another, the situation of the country in 1818, the experiment of that time as it may be termed, affords irresistible evidence. The year 1818 was a period removed from the influence of the war and its operations. But the old standard was suspended: the Restriction act, and its money were re-established: and prices advanced to the prices of the war.*

* It was early in 1816 that the Restriction act, which had been fixed to

To trace the exact correspondence between the alteration in the quantity of money, and the alterations in monied prices, in this instance, is not here undertaken, nor can it be done, without further means of information, than those which we now possess. Our information, however, respecting the forced changes made in the quantity of money, is much more perfect, at this period, than at any other, and they are adequate to the effects produced, and which followed them. Money does not rise or fall in value, under the circumstances which we are placed in, in exact proportion to its diminution or increase. That proportion is deranged by many circumstances. We see the alterations in the value of our money in their effects; but we cannot trace their exact correspondence. Instead, therefore, of attempting to trace more exactly the manner in which the operation of 1818 produced that effect which undoubtedly arose from it, it is more useful to point out some of those circumstances which tend to derange or distract our computations, of the correspondence between the value of money, and its apparent amount.

The notes of the Bank of England form the only part of our circulation, with the amount of which we are acquainted. In what proportion during a Restriction act the notes of the country bankers, and private paper of all descriptions, enlarge or contract, with the increase or reduction of Bank-notes, we have no means of forming an estimate. Fifty millions of taxes remitted to the Exchequer annually, in notes of the Bank of England, and again dispersed throughout the country, occupy a certain portion of the Bank of England circulation. This por-

expire in six months after peace, and which had been renewed for one or two short further intervals; was at once renewed for 2 years from the ensuing July. Mr. Horner, in his speech of May 1816, on this renewal said, "Let not the right hon. gentleman flatter himself, that if the Bank of England were to issue their notes to that extent which they were likely to do upon the enactment of his bill, the country banks would not return to their former practice, and the rate of prices be affected by that practice. The House should therefore be prepared for such consequences, and in due time consider how to provide against them." These consequences have followed; and the only provision made, has been, to reverse the operation. The Bank of England issued immediately its notes to as great an extent, as during any period of the war. The country bankers did the same: and corresponding prices followed.

tion which is always the same, whether the circulation be 23 millions or 30 millions, does not act on the increase or diminution of private paper. Any increase or diminution of the notes of the Bank of England, forms an increase or diminution of that part of their circulation, not occupied in transmission of taxes; and it necessarily forms a greater proportion of this part of the circulation, which alone affects the country paper, than of the whole. If the taxes had been reduced in proportion as the money was withdrawn, we should have found it to require a far greater reduction of Bank paper, than one of 6 or 7 millions in 30 millions, to introduce and fix gold at *3l. 17s 10½d.* an ounce, and wheat at *45s.* per quarter. It has been seen in what manner a computation drawn from the nominal amount of the Bank circulation, might be deranged, by not taking into view the state of credit of the country circulation from time to time. A still more important character in the Bank circulation, is the basis on which it has been from time to time issued: and of this we have little information. But in forming an estimate at any time, of the nominal amount of the notes of the Bank, as to their effect on prices; this circumstance is of great and material importance. Circulated by means of advances to the merchants, for every Bank-note which appears in the circulation, a bill of exchange is withdrawn from circulation; but when the notes of the Bank are circulated on advances to government, their bills of exchange remain in the hands of the merchant; and in their hands operate as a credit which they possess upon the Bank, which would enable them at any time to draw out a further supply of notes. Would it be of little consequence as to the efficacy of such a circulation, whether 20 or 30 million of Bank-notes circulated, as the representatives of an equal amount of bills of exchange withdrawn from circulation (if the transactions in which bills of exchange perform the use of money can be so called), and locked up in the cellars of the Bank; or whether the same amount were issued in advances to government, and existed in the channels of circulation, not by abstracting another species of money from those channels, but in conjunction with that other money? Would the channel of circulation be equally full, in both these cases? Could it support the same prices? A Bank circulation founded on bills of exchange, returns every two months the

whole of it to the Bank ; and is again each two months re-issued. Notes advanced to government exist permanently in circulation.* One circulation is fixed ; the other remains for

* Suppose that a circulation of 30 millions of Bank-notes were supported by advances to the merchants ; and further for the purpose of seeing the details of that operation, that all the bills of exchange on which these notes were advanced, fell due on one day. The merchants would apply to the Bank to renew the advance. The manner in which such applications are made, is, to send other bills to the Bank ; and the manner in which an answer would be given by the Bank to such applications, if granted, would be by advancing fresh notes on these new bills. But the merchants each acting individually could not postpone safely their applications, until the particular day on which their first bills became due ; they would apply at a period more or less early : and the average of the whole applications may perhaps be taken at seven days before the day of the first bills falling due ; for the Bank only receives applications of this nature on one day in a week, if the bills proposed are dated in London. For seven days therefore 60 millions of Bank-notes would appear in the circulation, of which 30 millions would be useless, and would be a mere provision for the 30 millions of bills falling due. Thus there would appear seven days in each two months, 60 millions of notes in circulation, to support the same average value, as would be supported by 30 millions, if issued on a permanent advance. The bills would not, it is true, all fall due in one day as here assumed. They would fall due over a period of about 60 days : and over that period would this operation be divided ; so divided there would be 3 or 4 millions of Bank-notes constantly retained as provision for the bills falling due, and occupied in fact in performing the business of these renewals. So that 30 millions of Bank-notes in circulation, issued on such a basis, would be equal to no more than 26 or 27 millions issued on a permanent advance to government. Three or four millions would be occupied in renewing bills, or some such amount, for it is not pretended to be exactly estimated ; and this constitutes a difference between a circulation of notes advanced to government, and one advanced to the merchants, which acts in addition to the effect of the one withdrawing bills of exchange from circulation, which the other does not ; and in addition also to the effect produced, by the uncertainty of a circulation being renewed, which falls in, and is returned each two months. In effect the restraint, uncertainty, and difficulty, are very great, under which a circulation labours, any considerable proportion of which is to be returned to the issuers once in each two months, and which circulation issued on such conditions, has yet to perform offices so important, both in supporting the operations of the revenue, and of commerce, as those which the notes of the Bank of England discharge with us. So difficult, indeed, and laborious, is the move-

two months, and is subject to the uncertainty of being at the end of each two months withdrawn or reduced in amount. This is one of many circumstances opposed to all our calculations as to prices, drawn during the war from the nominal amount of the Bank circulation. That nominal amount baffles all calculations founded upon it, and without a view of all the circumstances on which it is founded, serves mostly only to mislead. But I apply this observation at present no further than to the circulation of 30,000,000*l.*; (at one time 30,900,000*l.*) in August 1817. The notes of the Bank of England were never issued at any time, more entirely on advances to government, than at this time.* The Bank never possessed a smaller amount, probably, of bills of exchange. The bills of the merchant remained then in the channels of circulation, and acted there in conjunction with 30 millions of the notes of the Bank.

During the war, and until towards its close, a large amount of the old gold circulation remained in the country, in conjunction with the paper circulation. This gold operated, part, of it as a reserve in the chests of the country bankers, and spared therefore the use of Bank-notes. It necessarily supplied, in some degree, the demands of all those by whom money is hoarded. In a commercial country it is to the most active part of its monied circulation, that an increase of money flows. It is from the most active part of that circulation, that any reduction is supplied.

ment and effect of a circulation so circumstanced, that the directors of the Bank have been right, though their opinion was thought to be wrong, when they have told different committees, that their circulation could not be excessive, as long as it was confined in its issue to the discount of bills of exchange, founded on real mercantile transactions. The Bank directors have always expressed one uniformly consistent opinion, respecting the importance of changing the basis of their circulation, as a material part of their preparations for cash payments. The calculation here made of the quantity of notes occupied in the mere business of renewing a circulation advanced to the merchants is underrated. A circulation issued on bills of exchange, would, before a very late alteration in the business of the Bank, have been renewed as often as every forty days, instead of every sixty days: for the average of bills would not exceed that date.

* See Evidence of the Governor of the Bank, Lords' Report, page 11, &c.


considerable part of the circulation at all times lies in a state more or less inactive, or dormant; and an increase of one-fourth or one-fifth to the whole amount, is therefore, a greater proportionate increase, to that active portion of the circulation, by which the value of the whole is determined.

But, the most important derangement to which our monied system is subject, arises from the manner in which prices are deranged by taxation. Let us suppose a country with 30 millions of money of every kind in circulation; and that wheat stands at 10*s.* a bushel, and malt at 12*s.*; take 15 millions away from the money, and what result would be seen? Wheat fall to 5*s.* a bushel, and malt to 6*s.*? There is a tax of 6*s.* on the malt, and there must be a profit on the tax. If the reduction, therefore, of 15 millions be absolute, the wheat must fall to 2*s.* 6*d.*, whilst the malt falls to 10*s.* Our condition is not that to which Mr. Locke referred, when he said “so much as the money of a country is lessened, so much will all men find the prices of their goods alike lessened.” We are surprised when we see that wheat has been reduced in money price one-half, whilst Bank notes are lessened by no more than one-fourth, or one-fifth. We see no correspondence between the cause and the effect. But if 15 millions taken away from a circulation of 30 millions would lower wheat from 10*s.* to 2*s.* 6*d.*, 7 millions taken away may lower it to 5*s.* or 5*s.* 6*d.* with as much certainty. Our unexampled and excessive taxation, defeats all calculations drawn from the experience of former times. It reaches to almost every article of great and daily consumption, meat and bread excepted; on some of these it falls in a double shape, as first upon malt, and then upon beer; and excessive as it is in its amount, and imposed as it has been, first strained as far as could be borne in a depreciated money; and then doubled in its amount by a secret alteration of the standard; it has placed the present age in a condition of derangement and disorder without example, and gives new combinations of circumstances to observe, and new rules to be drawn from them.

But was the increase of money, from the middle of 1816 to 1817 and 1818, capable of causing a depreciation so rapid as the advance of prices which then took place marked? It must be considered, that the minds of people were prepared

to view the high prices of depreciation as natural and standard prices : and the low prices of the metal money as unnatural, and as having been produced by an adverse combination of things. When men, therefore, had the means of purchase put into their hands, they were eager to buy the respective commodities, or property, to which their pursuits were directed, at any price lower than the former price of the depreciated money. This would increase the rapidity of the advance of price and depreciation of money. But, whoever considers the nature and the office of money, will be at no loss to perceive how it must, of necessity, depreciate with great rapidity whenever its quantity is greatly increased. Of that amount, of about 10 or 12 millions of notes, which the Bank advanced to government, in 1816 and 1817, about one-half were returned to the Bank, nearly as soon as issued, in discharge of advances previously made by the Bank to the mercantile body. But these advances discharged, an amount, of, perhaps, 6 millions of these notes remained in circulation, in addition to the former circulation of 23 or 24 millions, and of these notes, not one could return to the issuers, for the Bank paid nothing in cash ; and if those who possessed Bank-notes in excess, had carried them to the Bank, they could only have obtained from the Bank one note in exchange for another. But this additional 6 millions of notes would none of it remain unemployed. There was not one of all those, into whose hands any part of these notes fell, who was willing to retain a guinea, longer than until he could find an opportunity of parting with it. That is a consequence of the essential character of money, every man feels that he sustains damage of some kind, whilst any extraordinary portion of money remains unemployed and unproductive in his hand. No substance is to be found more active, restless and powerful, than an excess of money in a commercial society, where it can neither be melted, nor exported, nor carried back to those that issued it. It moves perpetually from the hand of one man to that of another, but can make this movement in no instance, without creating or discharging a debt, or purchasing property or commodities of some kind. Those by whom it is received, hasten to dispose of it again, and in this manner an increased quantity of money, enters at once into the markets of all property and commodities, creating endless purchasers, and never

ceasing this accelerated action, until all prices have risen, and the whole quantity of money in circulation, is no more than equal to sustain those advanced prices. These operations of the year 1818, must be considered as adequate to the effect produced. That was the period of a second Restriction act ; of a temporary suspension of the old standard ; of a temporary re-establishment of the paper standard. With this paper measure of value, the paper prices of the war were re-established in a period of peace. And incomplete as our information is ; it is still more perfect in this particular period, than at any period of the war ; and is sufficient on the whole, to establish that the high prices of 1818, and the low prices which have succeeded, arose both of them out of the measures and operations now described. It cannot with reason be denied, that if the measures of 1818 were repeated, they would lead again to the same consequences ; they would lead of absolute necessity to the prices of 1818 and the prices of the war ; and would, if persevered in, establish permanently those prices.



It will have appeared, that the system which has been advanced by Mr. Tooke, must be considered as altogether destitute of foundation. It is false in assuming the rate of depreciation, from the price of bullion ; erroneous with respect to those causes to which he attributes a further advance and fall of prices ; and mistaken with respect to the actual operations of our paper money. Mr. Blake has proposed a system of prices altogether different. In part it is correct. It is correct in rejecting bullion as a measure of depreciation. But in its further extent, this system is mainly a revival of those errors so repeatedly exploded in 1810 and 1811, the holders of which denied the existence of any degree of depreciation, and maintained that paper was of an equal value with gold, and that it had not fallen in value, with reference to commodities. Before examining the grounds on which these opinions are again offered, it will be desirable to take a short review of what that state of prices was, and how long it continued, which it is proposed to account for, without admitting any degree of depreciation of money.

Price of Wheat taken from the Corn Report of 1813.

				<i>s.</i>	<i>d.</i>	Average price in the old Standard, 44 <i>s.</i> 7 <i>d.</i>
Average of 5 years ending	1769	...	43	2		
— 5 —	1774	...	47	9½		
— 5 —	1779	...	40	9		
— 5 —	1784	...	45	9½		
— 5 —	1789	...	43	3		
— 5 —	1794	...	47	2		

Add—

Average of	5 years ending	1799	...	64	5	} Prices of the Restriction.
—	5	—	1804	...	83	
—	5	—	1809	...	82	
—	5	—	1814	...	101	
—	5	—	1819	...	78	4
—	1	—	1820	...	65	7
—	1	—	1821	...	54	5
—	1	—	1822	...	43	3
—	1	—	1823	...	40	0
						} Price of the old standard.

The question, then, to be explained is, whence it arose that, in the pure paper money of the restriction, a greater nominal amount of money (a double amount in point of fact) was given for a quarter of wheat; and for wages also, for it is admitted, that wages advanced as much as wheat, than under any combination of circumstances was ever given in money of the precious metals; or than, as will be admitted, ever will be given under any circumstances, unless new mines be discovered.

“If every increase of prices,” says Mr. Blake, “is to be designated as a depreciation of money, let us revise our language, and when a bad season or difficulty of production, or taxation, has raised the price of corn, of cloth, of leather, and of any other article that we consume, let us say that corn, cloth, and leather, have not risen, but that money has fallen in value from depreciation. If the object be to confound all our conceptions, and all our reasonings on this subject, there cannot be any more certain mode of effectuating the purpose than by adopting this equivocating language.” But this method of argumentation is not applicable to this question. If this gentleman had meant to maintain, that those high prices of wheat which are given in this table, arose in reality from bad seasons; or from taxation which still exists, or from difficulty of production which is not lessened, he would, perhaps, have been entitled, if he pleased, to express himself in this manner. But if he do not mean to maintain that, which he does not, for he abandons those absurd dogmas; then a grosser instance of equivocation in argument, than that which this passage itself exhibits, it would be difficult to produce; “Was there ever an instance,” he observes, “of a permanently low price, that is a price which would not remunerate the producer, except from the supply continuing too

“great for the demand.” There was never any such instance, from that or any other cause, nor ever can be. But permanently low monied prices there have been, and permanently high monied prices. We have just seen what those prices have been, the origin of which is the subject in dispute; and another short table will show us, what the alterations in the price of wheat have been from the earliest times; and will throw some light on the causes of all great and lasting changes in monied price. This table is taken from the second address to the Land-owners of Mr. Western, who has himself taken it from Adam Smith, divided into periods as it here stands.

		Per Quarter.					
A. D.	1202 to 1286...	19s.	$8\frac{1}{2}$...	Every 20s.	containing	1lb.	of silver.
	1287 — 1338...	12	$10\frac{1}{2}$...	—	20	—	1 —
	1339 — 1416...	11	0 ...	—	20	—	$\frac{2}{3}$ of a lb.
	1423 — 1457...	10	$7\frac{1}{2}$...	—	20	—	$\frac{2}{3}$ —
	1453 — 1497...	8	$5\frac{1}{2}$...	—	20	—	$\frac{1}{2}$ —
	1499 — 1560...	9	2 ...	—	20	—	$\frac{1}{3}$ —
	1561 — 1601...	47	$5\frac{1}{2}$...	—	20	—	$\frac{1}{3}$ —
	1595 — 1636...	50	0 ...	—	20	—	$\frac{1}{3}$ —
	1637 — 1700...	51	$0\frac{1}{2}$...	—	20	—	$\frac{1}{3}$ —
	1701 — 1764...	40	$6\frac{1}{2}$...	—	20	—	$\frac{1}{3}$ —

Which table, joined to the few figures in the preceding page, gives the monied price of wheat from the earliest period, to the present.

Mr. Blake speaks of those who “wander so far from common sense” as to ascribe alterations in monied prices to alterations in the value of money, but he will find throughout this whole table, no material and lasting alteration in the monied price of wheat, prior to that alteration which commenced with the five years ending in 1799; which the common sense of mankind has not concurred in ascribing to such an alteration, and in rejecting all systems and theories which have proposed otherwise to explain it. The reduction in the monied price of wheat, which appears in the former part of this table, Adam Smith, as is well known, ascribed to an increased value of money, arising from an increasing demand for, and an inadequate supply of, the precious metals. That second fall in wheat, though inconsiderable, which took place in the former part of the last century, he ascribed to a similar cause. This table exhibits throughout its

whole course, from its commencement to the present time, two instances, and two only, of a considerable advance in the monied price of wheat. One followed the discovery of America; the other is coincident with the paper money of the Restriction act. The first of these has been by all writers, ascribed to a cheapness of money arising from the quantity which flowed here from the American mines; although no writer has been able to show how the cause and effect corresponded in this instance. The second can be shown to have arisen from no other cause, than the increased abundance and cheapness, with which the money of the Restriction act was thrown into circulation. And the proof here is, in one respect, more complete than in the former instance; because the termination of the Restriction act has reduced wheat and raised money, until both have assumed again their former relative value.

When this writer, therefore, charges with extravagance those who see in a great and lasting advance of wheat, accompanied with an equal advance in wages and in all the productions of labour, an altered and depreciated money, he mistakes altogether the character of this question. He proposes to explain the nature and process of certain operations, by which, according to his view, monied prices were caused to advance during this period; to the extent it must be observed, which has been just shown, without money having become depreciated. His statements ought to be attended to, because of the ability with which they are made; and his system is entitled to receive a candid consideration; but all experience, and all opinions previously expressed and entertained on questions of this nature, by men most conversant in them, are against such a system; and it behoves him to support it by a reference to admitted facts, and by consistent and demonstrative arguments. Price is composed of two elements, commodities on one hand, and money on the other. It is the result struck out from the relative proportions of the two. No material or lasting alteration can take place in prices, without either money or commodities having been lessened in quantity or increased. To an increase or diminution either of the quantity of money or of commodities must, after all, and however effected, be referred, the alterations in prices of the last thirty years.

But, before examining the particular system, by which it is proposed to explain the causes of these alterations in prices, it is better to explain more correctly the character of some facts and material contradictions, by which this system is supported. "Let us at least endeavour to understand each other," its author proposes, and there can be no better rule, either with respect to the facts we refer to, or the meaning of the terms which we employ. The maxims quoted from Mr. Locke are perfectly just, and such as are fit to be taken for our guidance. "Words being intended for signs of ideas to make them known to others, not by any natural signification, but by a voluntary imposition, it is plain cheat and abuse when I make them stand sometimes for one thing and sometimes for another, the wilful doing whereof can be imputed to nothing but great folly, or great dishonesty," against which rule Mr. Blake has countenanced, in the course of his work, very great offences, though most undoubtedly not wilfully; for it would be preposterous to assume it. But he states, first, that he admits, "that such a state of "things" (that is of prices during the Restriction act) "could not have existed if the Bank had been paying in specie. "Of that," he says, "I admit there can scarcely be a "doubt." And then, that a similar state of prices has been experienced almost universally, and in countries where no change in their currency has taken place. So that this state of things *might have taken place without a Restriction act* in this country; if it has been experienced without any accompanying alteration in their currencies in other countries. The universality of distress now represented to exist, and "simultaneous fall in almost "every commodity, and in almost all countries, is ascribed in "part to the cessation of demand which the war expenditure of "their governments had created." But we have it on the authority of Mr. Say, a continental writer of great ability, and than whose authority there can be none more satisfactory, that "the fall of prices in England has not its analogy on the "continent." Mr. Say states, that he does not believe that there is any ground for that assertion.* With respect to France,

* See letter of J. B. Say to Mr. H. James, in Mr. Western's second address to the Land-owners.

he has given the price of wheat taken from "the important market of Roye in Picardy, for 14 years, ending with 1816;" the average price for those 14 years, which go through the main period of high prices in this country, being about 41s. 2d. the Winchester quarter. But Mr. Say observes, that this average is evidently too high: as these "14 years contain two years of famine, and three epochs of supplies for Buonaparte, for the important campaigns of Moscow and Leipzick, and of the hundred days."* War expenditure, therefore, and the cessation of that expenditure, are little capable of affecting monied prices. "It appears to me," says Mr. Blake, "that the great and mighty source of the distresses felt by all classes of producers, has been the transition that took place at the termination of the war." We are now in the eighth year, which has passed, since the date of that fatal transition. But the whole of this period has not been equally calamitous. The middle part of it was one of universal prosperity. That curse of mankind, therefore, which is called peace, under whose malignant influence this gentleman appears to believe that the whole world is now suffering, and has been suffering for eight years, has discovered a peculiar inveteracy of character in this country; for it broke out afresh like an old disorder, and commenced a second career of destruction more extensive than the first, beginning four years after its first establishment, and when the nation had recovered from its first influence. The peace which succeeded to the American war, continued for 10 years, a period but little longer than that, during which we have now reposed from war. Those 10 years were years of great and unbounded prosperity; during which all classes of society flourished, and

* There is a great tendency in agricultural produce to equalize the high prices of years of scarcity, by the low prices of the next or succeeding years. It is to be concluded, that this high average in France of 41s. 2d. during the late war, arose from another cause than that to which Mr. Say imputes it. The average price of wheat in France, before the late war, appears to have been about 35s. or 36s. a quarter, at which rate it had continued for a long period, and to which it now appears again settling. The advance, therefore, perceptible during the war, is to be imputed to a lower value of the precious metals arising from the quantity thrown out by the circulation of this country.

the nation made rapid advances in wealth of every kind ; in the improved cultivation of its soil, and the increase of its manufactures and commerce. Whence, then, this extraordinary change, and state of things, out of which have sprung systems built on the assumption that war and taxes, and the wasteful and destructive expenditure of governments, are friendly to the growth of industry, and the prosperity of the productive classes ; and that peace is the fertile source of ruin to “ all classes of producers ? ” The peace which followed the American war did not sacrifice the producers to the non-producers ; it did not double their burthens, nor their debts and contracts, by means of a fictitious currency. It was accompanied with no change in the character and value of money. It is not the transition from war to peace which destroys the producers. It is the double tribute which, since the peace, is drawn from them by all classes of non-producers. The nation has had sufficient time to adapt its industry to the altered expenditure of government. But neither is it true that the actual expenditure and consumption of government have been lessened since the transition from war to peace : the fall of prices has enlarged the means of consumption of the government and of all its dependants ; and this consumption is aided by the enlarged expenditure of all the unproductive classes. That kindly operation, as Mr. Blake considers it, and to which he ascribes, as we shall presently see, so much of the prosperity of the war, the conversion of capital into revenue : is proceeding in this country at this time as rapidly as at any period of the war, or as it has ever done in any age or country. Our agricultural capital generally is assuming this shape. “ Great “ markets of consumption ” are thus opened to the producers, but the productive classes find something still wanting, and that is price. “ There still remains,” says Mr. Blake, “ the capital “ and the labourers and the commodities, but no longer the “ same market for consumption,” meaning by consumption, the unproductive consumption occasioned by the expenditure of government in the war. The facts are mistaken. The market arising from unproductive consumption is more extensive than ever. The market remains, and the labourers and the commodities ; it is the character of money which has been changed, and there is no longer the same monied price.

A reference to the first American war affords, as did the peace which followed it, an explanation of our present condition. In that war, America adopted an inconvertible paper money. England preserved its metal money. The prices of land and its productions advanced in America to an extraordinary extent: to such an extent that laws were made there, with a greater regard to the claims of justice than our own conduct has been distinguished by, to obviate some of the evils, which the advance of prices would otherwise have occasioned in monied contracts. In England no derangement of prices took place. In the late war, England adopted an inconvertible paper money; her opponent power, France, maintained its metal money. Land and its productions advanced in England: all its prices were deranged. They maintained an equal level in France. War, taxes, loans, expenditure of whatever kind, none of these advanced prices in England in the American war; nor in France in the last war; nor ever can do in any country; for they have no power to alter in that direction the proportion between money and commodities.

The case, then, standing thus, with respect to Mr. Blake's view of some important facts connected with this question, it is desirable to see what meaning he affixes to the term depreciation; his equivocal use of which term, is the more to be censured, because he has himself condemned, with considerable severity, the indefinite and dubious sense, in which it has been used by others. It does not properly import, as he well explains, a difference between paper and bullion; bullion might advance or fall in price, whilst paper continued of an invariable value, as compared with commodities. If the term depreciation be confined to an expression of the mere difference between paper and bullion; Mr. Blake observes, that so far it might be admitted. "But this," he continues, "is not the sense in which the term depreciation is understood by the public: it is meant to convey and does convey, the idea of money falling below the former level—a change in its value as compared with *all* other commodities. It is extraordinary that Mr. Baring, Mr. Tooke, Mr. Ricardo, and Mr. Haldimand, should all agree in stating that they know of no other criterion of depreciation than the value of the note as compared with that of gold. They must know that cloth, corn, manufactures of all descriptions, are criteria by which the altered value of currency may be determined. If no change

“ takes place in the price of these commodities, it is a tolerably
 “ certain proof that the currency remains at its level.” And
 again, “ is it not an inquiry of vast importance, to ascertain
 “ whether the paper has been steady in value, and the gold *risen*
 “ above the paper ; or whether the gold has been steady, and the
 “ paper *fallen* below the gold ? ” An increased price of bullion
 might take place to any extent, it is said, page 15, when the
 currency was inconvertible, “ and yet without deranging the
 “ just and natural proportion, between the currency and the
 “ usual commodities that are to be circulated by it, the price of
 “ corn, of cloth, of every other commodity might remain pre-
 “ cisely the same, and nothing alter but the price of gold.” The
 plain inference from all which is, that if the price of corn, of
 cloth, and of all other commodities did not remain the same :
 if all commodities advanced as well as bullion, that then the
 money was depreciated, not in any confined sense alone; but in
 the proper and general sense of that term. That the paper money
 spoken of was depreciated, if it did not preserve the same power
 of purchase with respect to commodities which the metal money
 had maintained ; if all commodities advanced in paper money,
 and if it assumed a level, with respect to commodities, lower
 than the level of the metal money. But we find this
 writer admitting, that the prices of all commodities advanced :
 admitting that money did not preserve so high a level with
 regard to commodities as before, any more than with regard to
 bullion, and yet denying that it was depreciated. Denying,
 first, that the high price of bullion was to be admitted as a proof
 of a depreciation in money ; because money might still have
 remained on the same level as before with regard to commodities ;
 and then, admitting that it did not remain on the same level
 with regard to commodities, but assumed a lower level, and still
 denying that this money was depreciated ; it behoved him to
 have stated very distinctly, what he did in reality mean by the
 term depreciation. If a higher price of bullion do not prove that
 paper is depreciated, nor a higher price of all commodities, ac-
 companied with an increase to the quantity of money in a ratio
 proportionate to the advance of prices, for this also is admitted,
 do not prove that such paper money is depreciated ; this gentle-
 man should have undertaken to show distinctly in what deprecia-
 tion of paper money does in reality consist, and what other proof

can ever be given of such depreciation than these afford, I know of none; but am on the contrary convinced, that no proof ever can be given other than such as these afford, of the existence or extent of depreciation in an inconvertible paper. If whenever any country adopts an inconvertible paper money, the prices of all commodities and of bullion are seen to advance greatly and decidedly, and in an unprecedented degree; if, upon a return to a metal money again, prices fall to the old level; if, in the countries around, the rate of prices undergoes no corresponding alterations; but the precious metals and commodities preserve their former relative value; if that paper money, under such circumstances, be not to be taken as depreciated, no inconvertible paper ever can become depreciated, nor can any proof of a depreciation from excess, ever be given with regard to such money. There is great reason to say, therefore, that a right understanding of words and terms is necessary; such an understanding will be found to decide a very essential part of the argument thus advanced.

Mr. Blake does, indeed, appear to have entertained some extraordinary notions with respect to some existing difference between an altered rate of monied prices, and an altered value of money; between an altered power of commodities over money, and an altered power of money over commodities. He appears to have believed, that monied prices might advance first, and the value of money fall afterwards; and that such an operation could not be held as a depreciation of money. "Let us not wander so far from common sense as to affirm, that the altered value of money is the cause of the high prices and not the effect." But an altered value of money, is neither the cause nor the effect of an alteration in monied prices. It is one and the same thing.* It can never be established but from an altered proportion between money and commodities. It may have its origin in an alteration in the quantity of money, or in an alteration in the quantity of commodities; but the alteration in the value of money and in prices is the same, and takes place at one and the same time. If A take his 100*l.* to the corn market tomorrow, and find it will only purchase one-half as much corn as it would last year have purchased, that is no proof of an altered

* "Does not a rise in the value of any species of money or currency, mean a fall in the prices of commodities." *Speech of Horner, May 6, 1811.*

value of money ; it may have arisen from a lessened supply of that particular commodity. But if he return from the corn-market, and find prices advanced alike in all other markets, and that his 100*l.* will produce a lesser quantity of commodities of all kinds than before ; then his 100*l.* is altered in value : it will procure for its possessor only a smaller quantity of those goods and necessaries, which it is the object of money to purchase, against which it exchanges, and of which it is the measure. His money has become “ feeble,” to use the expression of the French historian, as applied to a coin which had become of less value through debasement ; pejorated, as the Americans called their cheap paper money ; depreciated, lowered in price and value, according to our own term as always used. It has not the same power of purchase over property and commodities, it is enfeebled, pejorated, depreciated, at precisely the same moment ; and by the same operation, as that by which prices advance ; and by which commodities become more powerful in their command over money. When Mr. Blake asks, if, when a bad harvest has advanced the price of corn, you would call that a depreciation of money ; he cannot but know that no one did ever infer a depreciation of money from that, or from any like cause. He himself admits, that the advance of prices was universal and lasting. Those who take the price of corn as a measure of the value of money now, and those who did so on former occasions, have done it on this ground, that they consider an alteration in the average price of corn, to be necessarily accompanied with a like alteration in prices generally ; that when a lasting advance of corn takes place, an advance of wages must necessarily accompany it, and of all the productions of labour ; and that consequently it can be never established, except as accompanied with a lowered value of money ; and of the rate of that advance of prices and depreciation of money, it is taken as an index. The objection to use the term depreciation, does not seem to have been peculiar to ourselves. It appears to have been felt in common by all nations when they debased their money, but desired to avoid redressing the injustice of that measure. The Americans seem to have used the term pejoration as long as they were consistent in their declarations that the honour and good faith of America required their paper money to be paid at its full nominal amount. But they published at length “ a table of de-

preciation," according to which a variable value was fixed for the discharge of this money according to the years in which it was dated.*

"There is some ratio which ought to subsist between the total amount of the currency, and the total value of the commodities to be circulated by it. If that ratio be constant, the value of the currency will remain unaltered." Thus, then, if the total amount of the currency, increase, in no higher ratio than the value of commodities increases, or in other words, in no higher ratio than to correspond with any given advance of monied prices, the value of that currency is not altered. But it never can increase in any higher ratio than this : for the prices of commodities must correspond with the alteration in the quantity of money. According to this reasoning, if wheat had risen in monied value to 10*l.* a quarter, during the Restriction act, and all other prices in a like degree ; and if money had increased in quantity no more than to correspond with this advance ; if the existing quantity of money had been no more than again doubled with this advance, its value could not be said to have altered. All we should have to do, would be to call 10*l.* the natural price for that period, of a quarter of wheat, and then say that money had increased in no greater ratio than to support that price, and therefore it was not depreciated ; its value remained unaltered. This reasoning would avail equally to prove that there existed no depreciation in the assignats which France at one time circulated. Gold rose, but that was occasioned, we might say, by a great demand for bullion to export, in order to remit abroad the properties of that vast body who then left France. Corn and goods advanced, but that was in consequence of the demands of war. The amount of assignats did no more than increase in a ratio exactly corresponding with this increased value of commodities. The ratio was perfectly constant, and therefore the value of the assignats remained unaltered. But this method of reasoning is too preposterous to be admitted of. Whenever the quantity of money increases, without a proportionate increase to the quantity of commodities ; then the price of commodities rises, and the value of money falls ; and if

* "If any term," says Mr. Blake, "had been invented or adopted, that should have expressed the rise in the value of gold, we should never have heard such extravagant opinions respecting depreciation." He appears here to feel a necessity which others have felt before him. It may be supplied in the same manner.

this take place in an inconvertible paper, and if the advance of prices be to an extent, to which prices could not have advanced in a metal money; that advance of prices is the proof and the measure of the depreciation of the paper.

The question, therefore, is thus much simplified. If the paper standard of the restriction, assumed a value with respect to commodities, lower than that of the gold standard which it supplanted; lower than that which the gold standard would have maintained; then it became depreciated. If this be not the meaning of the term depreciation as applied to the money of the Restriction act, and that as applicable to the essential character of this question, and if the extent of that depreciation be not to be thus taken from the prices of commodities, property, and labour, no language but that of equivocation and confusion can be used on this subject.

The question comes then to be, whence did this depreciated value of money, at this time have its origin? Mr. Blake admits that it could not have existed without the Restriction act, and that increased amount of money, which could alone by the Restriction act have been maintained in circulation. But he does not consider, that it flowed directly from that act: but rather that it was the immediate consequence of certain operations of the government, which, acting upon the inconvertible money of the Restriction act, depreciated its value: or, as he would express it raised prices. These operations after a certain time, the government discontinued. Prices which these operations had raised, then consequently fell, and money advanced in value; and then the Restriction act, the government having no further occasion for its use, was abandoned also, and the old metal standard re-established by law, without any regard had to the derangement thus occasioned. There will be presently occasion to show, that Mr. Blake is altogether wrong, as to the effect which he ascribes to those particular operations of the government, which he considers as having been the immediate cause of the depreciation of money. He has mistaken both the character and the extent of these operations. But at present let us consider this question on the footing on which this argument places it. These measures, of the Restriction act, and of the loans founded on it, to which so much is ascribed, considered as political operations might have had their use, and doubtless had. The government was actively employed

in annoying the foreign enemy, and these measures assisted them in their object. They thought of nothing further. But measures which depreciate money, and then advance its value, produce no trifling effect on society at large. It is not enough to consider such measures, with exclusive reference to foreign politics: Their more important character is in their effect on our own internal situation and relations. The alteration in prices now spoken of, was not a trifling advance, maintained for one or two years, and then ending. We speak of an alteration in prices enduring for twenty years, changing during that time the character of money, and reaching to such an extent as to alter money in value one-half. Whilst the government saw nothing in a depreciated money, but a greater facility to raise supplies for the war, the people were making their contracts in that depreciated money; and were committing their property upon it. The government itself, imposed heavy taxes in this money, contracted enormous debts, and advanced the pay and pensions of all those to whom the public resources through the channels of government are given, in order to make them correspond with the advance of prices, and lowered value of money. When money of a different value therefore, was, from whatever cause, introduced and established permanently by law, ought not regard to have been had to those contracts? Could a metal standard be with justice re-established, without regard to the value of the money which it supplanted; and with regard to nothing but the ancient value which that standard had borne, a fourth part of a century before? If it were necessary to re-establish money of an old value, then ought all contracts to have been converted from one sum to another, according to the different value of the money in which they were made, and that in which they were required to be discharged. It would signify but little, to the essential character of this question, in what manner the depreciation of money was effected, how restored, or by what name called. Call it a higher value of commodities, and not a lower value of money; a higher monied price of commodities, and not a lower price of money; not a depreciation of money: if we can listen to these absurd distinctions; still these were the operations of the government; their effects were, first by advancing prices, and then by reducing them, to make the monied standard an instrument of

fraud ; to transfer by that means men's property, from one man to another, throughout society, unjustly, unintentionally, and in a manner against which no individual prudence could guard ; and to such an extent as to occasion that whole mass of national calamity now witnessed. It was the duty of government to provide against this mass of ruin and fraud ; to protect the rights of property amidst these changes, and to indemnify those who have thus suffered wrongfully from them ; and above all, to make their own taxes and payments conform to the alterations which they have made in their real value. It is not the attempting to draw unfounded distinctions, that is to stand in the place of substantial justice ; and to afford a cover, under which one half of society is to be plundered for the benefit of the other.

It is thus that the case stands, even according to the argument of Mr. Blake, for this is taking his own statement ; except in calling that, depreciation of money, which he calls, an advance of prices. By an act of the government, the monied standard of the country was changed. The old standard, by its character not subject to fall greatly in value ; which had continued of nearly an equal value, for a century and a half, and on which men could therefore rely with safety in their contracts, was withdrawn, and another substituted, capable of debasement, privately or accidentally, and possessing no means or principle of regulating or adjusting its own value. The old standard was withdrawn. It was kept for two and twenty years from the use of the people. They could have no recourse to it. The substituted measure became debased, if that term be preferred to the word depreciated ; and that by measures of the government, which had established it : and which possessed no means or power, to lower permanently, the value of the standard which they removed. It passed still under the same name, as the old standard. The money possessed the same denomination ; but it possessed a different value, and gave a different measure. No other standard than this existing for two and twenty years ; its altered value being as far as was possible concealed ; all the contracts of that long time were made in it. All land was leased out in that money, to the unsuspecting farmer. At the end of twenty-two years, the government discontinues its career of depreciation, takes up the old standard again, imposes it by law upon the country ; and under the same name as

that of the debased measure, requires that all contracts made in the one description of money shall be discharged in the other. But is not this, then, plain and direct cheat, and fraud, and abuse, when men's property is confiscated through such means as these? If it be not, those terms can never be justly applied. Is it not that kind of action, "the wilful doing whereof," as Mr. Locke observes, "can be imputed to nothing but great folly, or great dishonesty?" It is not perhaps material, to determine which. The magnitude of the evil renders that but a worthless inquiry. But this remains certain, that no man can honestly avail himself of the power which the government has thus put into his hands, by "making the same words stand sometimes for one thing, and sometimes for another," of seizing his tenants or his neighbour's property; of taking two bushels, or two pounds, when his contract was but for one; and of doing this on no better ground, than because the government, by an act without a parallel, and which in addition to the ruin which it has spread throughout society, has affixed a disgrace on the national character, such as it has never been before stained with, has altered the meaning of the terms in which his contract was formed.

Those who have established by law, under such circumstances as these, the metal standard of the ancient value, and those who support that measure, have professed to regulate their proceedings by a regard to faith and justice; and have not scrupled to contrast those proceedings, with what they consider the disgraceful measures which have been adopted in former times with regard to the coin. But they have mistaken the nature of those former measures. The character of this country is not to be charged with any unjust, or fraudulent alteration in its monied standard, from the earliest times to the present; except during one short and disgraceful period, which began with Henry the 8th, and ended with his immediate successors; and excepting again in our own times, and in the instances now examined. Except in these instances, no material alterations in our monied standard, have been effected, unless in cases when the quantity of metal contained in the coin was made to give way, not to purposes of fraud, but to the rights of property, and the interests of substantial justice. The short table at page 62, exhibits the only permanent alterations in the standard which we have ever made.

They were confined, as will be seen, to about the space of two centuries, beginning with Edward the 3rd, and ending with Elizabeth; ending in fact with that influx of the precious metals from America, which took away the necessity of any further reduction of the standard. The old metal standard which, at the commencement of this period, was a silver standard of 1*s.* 8*d.* an ounce; and in which 1*lb.* Troy of silver was coined into twenty shillings, was gradually reduced in those two centuries to 5*s.* an ounce, and to 1*lb.* Troy being coined into 60*s.* The shilling of Elizabeth contained therefore no more than one-third of the quantity of silver, which had been contained in the shilling of Edward the 3rd. But if we refer to the price of wheat, during these reductions, we shall see at once, the grounds of that necessity, and policy as well as justice, by which these reductions were dictated. The price of wheat was 10*s.* or 12*s.* a quarter, at the commencement of these reductions; and continued to be no higher than 10*s.* at their close. But if the shilling of Elizabeth had been coined after the rate of 1*s.* 8*d.* an ounce; if the shilling of that time had been of the old magnitude, and had contained three times its actual amount of silver; then no more than one-third of the number of shillings which were actually given, would have paid for wheat. Wheat would have been in fact, 3*s.* 4*d.* a quarter instead of 10*s.* There would have been seen a regular, gradual, progressive fall in prices, and a similar advance in the value of money during two centuries, in which wheat must have fallen from 10*s.* to 3*s.* 4*d.* a quarter. The reductions of the standard, prevented this fall of prices, and did no more than prevent it. The standard was not reduced therefore, for unjust purposes, but to prevent injustice; not to render the value of money variable, but to prevent its variations. The value of the materials of which the standard was composed, became greater in consequence of their scarcity; and as the material became of greater value, a lesser quantity was used, in order to preserve the money itself of an equal value. The value of the precious metals increased during this whole period, in this country and in all Europe, in consequence of an inadequate supply; and of a perpetually increasing demand; and the alterations in the coin were alterations which adjusted the value of the standard to the altered value of the materials of which it was composed.

If these reductions had not been made ; if those who effected them, had considered themselves as bound to sacrifice the rights of individuals, and the interests of the country to a blind adherence to a particular standard ; what would have been the condition of the country during this period ? No debt could have been safely contracted ; no lease entered into, no rent-charge of any description granted, without injustice and ruin, to one of the parties concerned. The rising industry, neither of this nor of any country, could have sustained itself against such a state of things. The reduction of the standard therefore, from time to time, or rather its adjustment, was a necessary measure, in order to prevent it from becoming an instrument of fraud and wrong ; and to enable the people to commit with safety their interests upon it. The character of this country is not subject to the reproach of any unjust debasement, or alteration in its standard, either from ignorance, or preconcerted injustice, before the present day ; except indeed, in the short and disgraceful period when Henry the 8th, in the alterations which he effected in his coin ; which he debased, both by reducing its value, and advancing it, afforded the only example which our history presents, of those double debasements of the standard, which, in contempt of all principles of faith and justice, and with a total disregard of all the rights and value of property, have been effected in our own times.

To return, then, to the question as resting on the statements of Mr. Blake ; for it would be of secondary importance as far as the rights of individuals are concerned, to say, that the government did not itself degrade and debase the value of the new money ; that the Bank did not degrade its value ; or that if it were degraded by the government, it was done in a circuitous manner. If we were to grant all this ; yet if the government abstracted the old standard, if they left the people without any means of adjusting the new standard which they gave them ; then, though this new standard had become debased by the act of the people themselves ; or through the country bankers, or by whatever means ; still being debased, being the only standard to which the people could have recourse ; being that in which their contracts were made ; it was that in which they could alone be justly executed. It is this precise case which is stated by sir

James Stuart, and which he exemplifies by a reference to a supposed debasement of the weights and measures of the nation taking place whilst the standard weights and measures were locked up in the Exchequer. He does not assume a case where the government had debased the standard weights and measures. He assumes that these measures had been reduced by the people themselves ; in absence of a regulating standard : and then he asks, would it not be horrid injustice, when you bring out the full-sized standard again, not to rectify according to it, the contracts which landlords and tenants had made in the debased measures ? Observe what this writer says, when he speaks of restoring a lessened value of money, which money had become lowered in value, not by any measure of government, but entirely by wearing and clipping of the coin, “ In justice and in common sense, the raising of the “ standard of the coin, ought never to be allowed to benefit any “ person, but those who have been unjustly sufferers by the de- “ basement of it ; nor ought it ever to be prejudicial to any per- “ son, but to such as by the debasement have been unjustly “ gainers. *In every contract, where neither of the parties can “ produce any palpable loss sustained by the former debasement “ of the standard, the alteration ought to have no manner of “ effect. All debts of whatever kind ought to be liable to a fair “ conversion, as much as those contracted in guilders, florins, “ livres, &c., when they come to be paid in pounds sterling. “ The old and the new standards are not the same, because they “ carry the same denominations of value, any more than a “ piastre is a pound, because they both begin with the same “ letter.”*

But depreciation, it is contended, was never complete. In the worst of times, and during the lowest value of money, there still existed an act of parliament, by which men were given to understand, that at some future and uncertain day, money would be again enhanced : and that they would then be called on to discharge in money of the old standard, whatever contracts they should make in the money of the existing and debased standard. They now therefore, experience, it is said, no more than justice, when they find their property seized, in virtue of, and in conformity to, this act of parliament. This argument, without any foundation in sense or justice, serves with many other such, to

cover the commission of wrong which it is determined not to redress. No doubt a man is bound by a law, although he should not know of its existence, or meaning. But then the law must be one which is capable of being understood. It must be one which the makers of it themselves understood. It is in that sense in which a law is understood generally in the country, and by those who made it, that any man is bound to understand it, and to know of its existence, and it is in that sense only in which he can justly be made to suffer by it. That act of parliament, the weighty import of which was, that at the return of peace, all the debts and taxes contracted and imposed during the war, should be discharged in money of a double value, was not believed nor intended by those who formed it, to possess any such meaning. What they meant was, to secure the return to a standard of a more steady character than that in use; but not to one of a different value. It was denied that the standard which that act provided for the abandonment of, at a distant date, was of a lower value than that to which it proposed to return. The very existence of an act of parliament to return to the gold standard at a distant day, is a conclusive proof, that it could not have been understood in that sense, in which it is now said that it was justly binding. Could an act possibly have had existence, providing openly and in explicit terms, that at a distant and uncertain day, all debts should be discharged in money of a higher value than the one then in use? Laws are to be executed in the construction they bear in the common sense and meaning of mankind; and contracts to be discharged according to the intention of those who made them. The meaning of the ruined farmer when he signed his lease, was not, as is absurdly contended, to pay for rent, so many ounces of gold, within six months after the peace. His meaning was, to pay the value of a certain portion of the produce of the estate; and to reserve a certain other portion for the labourer; and another portion for himself. His agreement had this meaning; and it was the duty of government, if a government have any duty, and is competent to its discharge, to guarantee in this sense, its execution. It was expressed in money; because he relied on the value of money continuing the same; and that the same amount of money, would express in future years, the same portion of farm produce, as at the date of his

lease. Is not this unhappy man then, plainly defrauded, when this lease is construed, so as legally to require from him, the value of nearly the whole produce of the land, and to leave nothing for the labourer or for himself: and is this to be justified by telling him, of a certain number of pennyweights of gold which a pound now represents; but which it did not represent at the date of his lease, and of an act of parliament, of the existence of which he knew nothing, whether it was known or not to the other contracting party; and the meaning of which act was at one time known to no man, although its meaning now turns out to be, that it is just and legal to confiscate his property; and with his that of every man, who trusting to the equity of law, and the faith of contracts, had embarked, in this mis-governed country, his property in the cultivation of the earth?

Mr. Blake's peculiar system is, that that advance of prices which accompanied the Restriction act; the lessened and depreciated value of the restriction money; the debasement in other words of the paper standard; had its origin in measures flowing only indirectly from the Restriction act itself. It is not, however, to be forgotten, in discussing the justice of that opinion, even if it were correct, which it is in no degree, that the government when it changed the standard from metal to paper, became responsible for the prevention of the debasement of the paper money; or for redressing the injustice worked by it. And neglecting that duty, and suffering the new standard to become debased; it was still more the duty of government, not to have substituted privately, a higher standard for the lower standard, without corresponding measures for rectifying contracts.

Every man whose property has been invaded, who has been ruined or defrauded by these proceedings; is entitled to charge that wrong on the government, and has a claim on that government for the means of redress; if any claim for the redress of extensive, impolitic, and ruinous injustice, between man and man, and between the nation and its servants and dependents, can ever exist. The government are as greatly responsible for the monstrous injustice, worked in a society like ours, by these alterations in the monied standard by whatever process effected; as though they had in one instance secretly abstracted a portion of metal from the coin; and in the second instance, had secretly increased

its value for the purpose of fraudulently increasing the taxes, and drawing from the people under the same name, an increased tribute of their productions and commodities.

But this is supposing that view of the question to be correct, which would ascribe the high prices of the Restriction, not to a circulation of money, excessive and more than in proportion to its exigencies, flowing directly from the Restriction act itself; but to certain incidental measures, which, operating on the peculiar character of the restriction money, caused those unexampled high prices, which that money gave. It will be admitted universally, that this state of prices arose from some cause which coincided with it in point of time; and which is not now in action. This cause, according to Mr. Blake, is to be found in the expenditure of the government during the war. By this expenditure were all prices in his system advanced; and having so advanced, they necessarily fell again, when this expenditure ceased. The transition, therefore, from war to peace, or from a state of war expenditure to the expenditure of our present establishments, it is, that has brought prices back to their original level. Now first, if it were the expenditure of government, which raised prices from the level of 1792; that expenditure having not been brought back to the level of 1792, would have now maintained a higher scale of price than the present. The expenditure of government during the war, was derived from two sources; one was, its annual receipt of taxes, and the other was money which it annually borrowed. Of these the taxes, unfortunately for the country, still remain; and being collected in money of a higher value, than was the money of the war, cause, in consequence, a consumption of the annual produce of land and labour, amongst the unproductive class to whom they are paid, to a much greater extent than during any period of the war. The taxes, according to this system, ought to have a greater effect on prices now, than at that time. The effect of taxation on prices therefore, Mr. Blake, seeing that the taxes still remain, and act with greater efficacy than ever, on all interests, and in all directions, except in supporting prices, appears to abandon, or to speak of it in an extremely cautious, and somewhat equivocal manner. But that part of the annual expenditure which was supported by means of loans, ceased with the war. Prices fell at the same time. Overlooking

therefore, that material circumstance, that prices advanced again within three or four years after the war, and have now a second time fallen ; this writer maintains, that in the effect of these loans, is to be found the source of the high prices of the war. If this opinion be correct, a nation engaging in war, and supporting it by the joint resources of loans and taxes, will be able to make one of these support the other ; will be able by means of loans, to cause that advance of prices, which, though not capable of being caused by taxation, is yet necessary to its imposition on an extended scale. It is a kind of negative operation, which is ascribed in this system to the Restriction act. That act is made to balance the effect of an expenditure on the part of government abroad. This expenditure, it is said, would cause a drain of money, and thus would counteract the efficacy of loans in advancing prices ; but the restriction on payments in cash, prevented this drain. This, then, being the system now proposed, its author has taken care to lay its foundation as broad at least as his materials would admit. He finds by Dr. Hamilton, that from 1793, to 1815, both years inclusive, the sum of nearly 509 millions of sterling money, was borrowed by government ; and then explains, in what manner he considers, that the expenditure of this money acting as the conversion of capital into revenue, and by the consumption of goods without reproduction, would cause a demand for goods and an increase in prices to the full extent of those which we experienced. “ During the progress of the war, 509 millions sterling were in this way devoted to the purchase of commodities intended for consumption, instead of being devoted to reproduction. And I ask whether it be necessary to resort to depreciation in order to account for the high prices which such a market for consumption must have occasioned.” But this 509 millions, it is proper to explain, was neither sterling money, nor was it expended in this manner. It did not possess much more than one-half of the power over commodities and consumption, which sterling money would, even according to this writer, have possessed ; and in the next place, whether sterling money or not, it was not, as regards the sum of 509 millions, thus expended. I have not Dr. Hamilton’s work at hand ; but I think it would have been found there ; for it appears from official returns, that of the money borrowed

between 1793, and 1815, nearly 200 millions, viz. 192 millions was paid over to the commissioners of the sinking fund, and by them applied to the discharge of other debts. So far, therefore, it was not "devoted to the purchase of commodities, intended for consumption;" it occasioned no "market for consumption," it was neither paid as Mr. Blake, supposes, to the troops, nor to the admiralty, nor the ordnance: it converted no capital into revenue; but was a mere transfer of capital from one set of persons to another; both desirous to employ these funds as capital, and not in unproductive consumption. Our estimate, therefore, of the extent of commodities thus consumed without reproduction and destroyed, whether affecting prices or not, must be reduced from that quantity which would be represented by 509 millions of sterling money, to that which would be commanded by about 300 millions of depreciated money. This fact, then, being put right, let us examine this system somewhat further, "Five hundred and nine millions, divided amongst the 23 years of war, give an average expenditure of about 22 millions per annum." Three hundred, or 320 millions therefore, so divided, give about 13 or 14 millions for each year of the war; which we will take at 14 millions, and consider that as sterling money. It is to the expenditure of this 14 annual millions then, and to the market thus opened for consumption, that the high prices of the war are to be ascribed; the scale of those prices being after the rate of 80s. or 90s, a quarter for wheat, with a proportionate increase of wages; and these prices being accompanied with great general prosperity. Now it appears, that in the eight years of the American war, an expenditure on the part of government supported by loans took place, to about the same annual amount, as in the last war. The greatest part of the expenditure of the last war was supplied by taxes. The taxes increased from 18 millions to 60 millions, without including the income duty of 14 millions. But the American war was almost entirely supported by this operation of expending borrowed money, which is supposed to have so extraordinary a power on the prices of goods. The taxes at the commencement of that war, produced more than ten millions annually, and at its close they did not reach 15 millions; they do not appear to have reached 13 millions, in any year before the close of that war. But the money borrowed

in that war was 100 millions, all in sterling money of full value, which is after the rate of about 12 millions yearly. The market however for commodities, and for unproductive consumption thus opened, was far from being accompanied with high prices or prosperity. The state of the country may be seen, in the trifling extent to which taxation could be then pushed; as compared with the taxes of the late war. Prices fell instead of advancing: one peculiar and well-known feature which indicates their rate is this; that those who bought land with borrowed money, during the loans and unproductive consumption of the American war, established fortunes by the advance in land in the peace which put an end to that expenditure; whilst all those who so purchased land in the late war, have been ruined by the fall of land in the peace. So little reason then is there for the assertion, that an expenditure supported by loans, is capable of raising prices. But the American war, it will be said, was accompanied with no Restriction act. That is granted; and it was the late Restriction act essentially and not incidentally, and not the loans, which raised prices. If the Restriction act had not increased the amount of money in circulation, no degree of expenditure on the part of government could have increased it; and without that increase, prices could in no degree have advanced. But let us see the absurd station assigned to the Restriction act in this system. That part of the expenditure of government which was supplied by loans, it is said, raised prices: 80s. or 90s. a quarter, became, we are to believe, no more than the natural price of wheat, amidst the consumption of commodities thus occasioned. The additional money thrown into circulation, merely supported these natural prices. The Restriction act did no more than protect this money in circulation, and counteract the effect on prices of the foreign expenditure of government. That foreign expenditure advanced the price of bullion, and would thus have driven the increased amount of money from circulation, but the Restriction act prevented it. But why are we to believe that the high price of bullion, did not of necessity follow, like the high price of all other commodities, from loans and internal expenditure? Is an internal expenditure or any other cause, which is capable of advancing the price of commodities generally, not capable of acting also on the price of bullion, considered as a commodity?

Can any thing so absurd be for a moment maintained, as that that internal expenditure, which advanced the price of wheat; which is represented as having caused wages to advance to an extent still greater than provisions; and as operating on the price not of those articles only, on which it was directly expended, but on the prices of all commodities alike; that such internal expenditure must not of necessity equally operate on bullion? Whatever it was that raised the price of wheat, in the paper money of the Restriction act, from 45s. to 90s., must be admitted to have been capable of raising bullion from 3*l.* 17s. 10½*d.* to 5*l.* 12s.; and that it must have raised bullion still higher, if its price had not been kept down by the supplies thrown out from our circulation.

We are called on to ascribe the advance of bullion to an accidental cause, and one not essential to the general advance of prices. The prices of all commodities excepting one alone, were advanced in consequence of one great and general cause; the price of that one particular commodity advanced also, but from a cause peculiar to itself, and this absurdity we are to agree to, in order to avoid calling the advance of prices, by the term depreciation of money. But if we were to admit any thing so preposterous, and were to take this system in its full extent; let us see to what further conclusion it would lead. If the government then had embarked in no foreign expenditure, there would have been then no advance of bullion, nor any necessity for a Restriction act to support prices. Let it be supposed then, that the government were now to commence again a system of borrowing annually 14 millions, for the purpose of defraying the annual charge of the dead weight, and of the navy or ordnance; or to render the comparison more complete; for the purpose of expending such 14 millions, annually on some object of unproductive internal expense: such as in the construction of arsenals or harbours, fortifications, or, if we please, temples. And doing this, let us imagine that the government embarked in no foreign expenditure; and had recourse to no restriction on payments in cash. This would be replacing us in that precise condition, to which this system ascribes the high prices and prosperity of the war. The amount of loans indeed differs; but the sinking fund makes up for it. If to the 13 or 14 millions proposed to be thus annually borrowed for internal

expense, another 13 or 14 millions be borrowed for a sinking fund, we shall then have re-established every one of those ingredients of high prices and prosperity, the loss of which is said to have plunged us in our present distress. But is it possible to believe that by such means, prices could be advanced ; the price of wheat to 80 or 90s., and of wages proportionably, and maintained for 10 or 20 years ; and if for 10 or 20, doubtless for 50 years. A system must be of necessity altogether false, which can lead to such conclusion.

The manner in which this system of supporting an expenditure by means of loans is supposed to operate, is by taking capital which might otherwise be employed in producing goods, and expending it in an unproductive manner, by which means commodities would be lessened in quantity and prices supposed to be advanced. Mr. Blake has shown from Adam Smith, how it is that, as capital accumulates, the rate of profits diminishes. But Smith has shown also, that with this accumulation of capital, wages advance ; and that whatever reduces capital, lessens the wages of labour. But the state of things to be explained is one, in which wages advanced with profits ; for Mr. Blake in one part of his work, ascribes an increase in the price of agricultural produce to a greater demand for it, arising out of a bettered condition of the labourer. A diminution, or a lessened accumulation of capital, may account for higher profits on capital, but not for higher wages, nor for increased prices, nor a condition of general prosperity. A lessened quantity of goods might occasion a temporary advance in monied prices ; but not an advance such as that indicated by the price of wheat, and which continued for twenty years. Neither could wages advance with such an advance in goods, nor could that advance in goods be permanent. All diminution of the annual produce of land and labour diminishes the revenue and consumption of society at large ; it diminishes that fund so extraordinarily large in this country, from which our labourers are supplied with more abundant commodities for their consumption, than are the labourers of other countries. A system such as this examined, would find its termination in the poverty it would produce. The American war, and the loans which supported it, were terminated in that manner. Make such a system sufficiently extensive. Increase 14 millions of annual loans to 20, 30, or 40 millions, and no surer founda-

tion could be laid, for national impoverishment, depopulation, and decay.

The high prices and prosperity of the war, did not arise from such a system as this, but existed in opposition to it. High prices depend, as we shall see by Mr. Blake's own statement, on other causes. "There is some ratio," he observes, "which ought to subsist between the total amount of the currency and the total value of the commodities to be circulated by it. If that ratio be constant, the value of the currency must remain unaltered," (page 5). And further, "if the circulation of commodities of 400 millions required a currency of 40 millions, and that this proportion of one-tenth was the due level, estimating both currency and commodities in gold; then, if the value of commodities to be circulated increased to 450 millions from natural causes, independent of depreciation. I should say, the currency, in order to continue at its level, must be increased to 45 millions, or that the 40 millions must be made to circulate with such increased rapidity, by banking or other improvements as to perform the functions of 45 millions," (page 81). Let us assume, then, that we possessed in 1792, the 40 millions of money in circulation thus spoken of; and that our annual commodities yielded to their producers 400 millions, after the rate of 45s. a quarter for wheat, and after the same ratio for other commodities. A system of loans, and of expenditure, on the part of government commences, and occasions a demand for goods. Commodities, in consequence, rise in price, from 400 millions to 450 millions of price; which is equal to an advance of $12\frac{1}{2}$ per cent, or to 5s. a quarter on wheat. But, then, it appears that this advance cannot take place, or if it take place, cannot be maintained, without an additional 5 millions being added to the circulation; and no such addition can be made to the circulation, except by means of a Restriction act. But we know perfectly well, that if 5 millions could be added to the circulation, prices must necessarily advance, either with or without an expenditure on the part of government. Such expenditure cannot advance prices, without an addition to the circulation; but an addition to the circulation would advance prices without the expenditure. The 5 millions additional circulation could not remain dormant. It would act in circulation with the

40 millions, sink the value of the whole, and advance prices. But the goods which produced in 1792, 400 millions of value in money, produced in 1814 towards 800 millions: as the quarter of wheat which produced at the one period 45s., produced at the other 90s.; and this alteration in prices could not have existed, if the maxims just laid down from Mr. Blake be true, as to this extent they undoubtedly are, without the 40 millions of money of 1792 being increased in 1814 to nearly 80 millions, or to some ratio corresponding with the advance in prices; or without an additional celerity in the circulation of money, which brings us to the same point. But if money doubled in quantity (or in the celerity and efficacy of its circulation, in consequence of a change in its character); and if with this, monied prices doubled, why are we to deny that the money was the cause of those advanced prices, which could not have subsisted without it? For what purpose, except that of throwing confusion round the real character of this question, are we to seize on some incidental operation; the only one, indeed, which we can find, that existed during the high prices, and which does not now exist; and then to say, this it was that raised prices; the additional money did no more than support those prices? To maintain, on such grounds, that money was not depreciated in value, is to revive the old absurdity, contained in the resolution of the House of Commons respecting the equality in value of the one pound note and the guinea. The one pound note of 1814, would this system say, would not, it is true, purchase so many commodities as the one pound note of 1792; but it was still of the same value with respect to commodities. The commodities had risen: it was not the one pound note which had fallen. The note was of the same value as before: notes doubled in quantity, lessened in their power, but remained of the same value.

That part, however, of the expenditure of government, which was supplied during the war by annual loans, did in reality advance prices in a very direct, though in a very different manner, from that which has been just examined. If we take 40 millions as the circulation of the country at the commencement of the war, and assume that this amount could not be materially increased without a Restriction act, no expenditure on the part of government would have more than a very faint operation in ad-

vancing prices. Whatever the demands or the consumption of the government might be, it must be some part of this 40 millions, which they must employ in their purchases, and when employed, the 40 millions would still remain the same in amount, and capable of supporting no higher prices than before. No conceivable degree of borrowing on the part of government, of destructive debts, and abortive expenditure; whatever else they might effect, could increase this 40 millions, materially affect moneyed prices, or alter the relative value between money and property. But if the government, when it went to market with its increased demands for goods, carried thither a new creation of money to pay for them; and if, when that money was thrown into the circulation, it was protected there by a Restriction act, or, in other words, an act to prevent its being again withdrawn from circulation, that operation would be calculated directly to affect prices; and this was, in fact, very materially the character of these loans. The money was advanced, in the first instance, by the Bank of England. The direct subscribers to the contract, were themselves accommodated by the Bank with loans to the extent of 70*l.* on every 100*l.* which they agreed to advance to the government. The Bank did not lend the money directly to the government, but they supplied it to those from whom the government received it. These advances were made by the Bank in additional issues of notes; and the effect of each loan therefore was, to force an additional tide of money into circulation throughout the country. Each advance was repaid by the subscribers to the Bank, but one loan succeeded another, until we came to the end of the war; and then the advances thus made were finally repaid, and the notes withdrawn from circulation, precisely at the time when the Restriction act was made to expire. These advances did not at once occasion a proportionate increase to the notes of the Bank of England. The Bank circulation, in times of good credit, was principally confined to the metropolis, and to the operations of the taxes; but a powerful impulse was given by every one of these loans, which filled the channels of circulation with the paper of the private bankers, throughout the country at large. Goods purchased in Yorkshire or Staffordshire, were paid for in notes of the Bank of England, to the agents of the sellers in London. But the

Bank notes were not sent into Yorkshire or Staffordshire. The notes were retained in London, and formed the foundation on which the country banker, on whose account they were deposited in London, advanced his notes to the manufacturers for their goods. These loans, therefore, caused an immediate addition to the country circulation, as well as to that of the Bank of England, and it was in this manner, and not by the destruction of capital, that they advanced prices.

The destruction of capital by loans, was calculated to advance in the manner which Mr. Blake has explained after Adam Smith the profits of capital; but it was calculated to reduce the wages of labour, and national wealth. But the extraordinary phenomena presented by the state of this country during the late war, were a lavish and ruinous expenditure on the part of the government; taxes and loans accumulated; and all accompanied with a great and unexampled prosperity of the productive classes; high wages of labour, and high profits of stock; and an advance in real wealth, greater than the country had ever before made in so short a space of time. For this combination of things, no consistent explanation can be given, but by referring it to the well-known effect on wealth and productive industry, of that constantly increasing quantity of money, which Mr. Blake's argument admits must have taken place during this period; and of that constantly diminishing value of money; the effects of which will be found to have been well explained by Mr. Huskisson, in a speech on the state of the circulation, made during the prosperity of 1818; in which speech that gentleman descanted on the stimulus which had been given to the industry, the arts, the wealth and prosperity of the empire, by the extension of our paper circulation during the Restriction act; an operation similar, in his opinion, to that which advanced the industry and prosperity of all Europe during the depreciation of money which followed the discovery of America. And this second great depreciation of money in his opinion imparted its effects collaterally to Europe, by the addition to its circulation of 40 millions withdrawn from the metallic circulation of this country; advancing prices and stimulating industry on the continent at large; but again occasioning distress and a fall of prices in Europe, when money came to be again

withdrawn from thence to supply our metallic circulation.*

We find it admitted, that monied prices could not have advanced, during the war, without an increased quantity of money proportionate to the increased monied value of commodities ; and that this money could not have remained in circulation, without the Restriction act, nor, as it follows, without producing the advance in monied prices which accompanied its circulation. It is not, however, easy to show the precise manner in which those two corresponded ; nor has it ever been easy, or, indeed possible, to show how, in an altered value of money, the altered supply has corresponded with the effect produced. All that has been ever yet done, has been, to show the extent of the altered value of money, by the rate of monied prices ; and to combine that with some known and admitted source of an altered quantity of money. The peculiar situation of our circulation during its depreciation, governed by a public body, such as the Bank of England, which can have no motive or desire for concealment on this head ; and the credit of which has been placed on a more indisputable basis with every inquiry which its conduct and situation has undergone, does indeed afford very favourable means of examining the manner in which depreciation was caused ; how it corresponded with the altered state of the country, and how it followed, and in what ratio, the altered circulation. But we remain without the necessary information. No inquiry into the subject has yet been conducted upon any consistent system, or with the necessary reference, at once to the details of our peculiar system of circulation ; and to the general principles by which the effects of money are governed. Whoever examines the proceedings of the committees which sat in 1819, will be at once sensible of the total want of system, of the vague and incompetent manner in which their inquiries were conducted. Those committees appear to have felt conscious that they could make no use of correct information, and therefore not to have desired to obtain it. With respect to the circulation of the country bankers from time to time, which a systematic and competent inquiry might accurately determine ; we possess nothing better than conjectures respecting it. We have the nominal amount of Bank notes from time to time, but no other in-

* See speech of Mr. Huskisson, 1st May, 1818, in Hansard's Parl. Debates, Vol. 38, p. 486.

formation, except as far as is sufficient to show, that, from this alone little can be known. How far and at what times the Bank circulation was confined to the metropolis; what was the varying basis on which it was from one time to another issued; what portion of bills of exchange were at different times withdrawn, to bring out the notes of the Bank; without this information and much more, the mere amount of the circulation of the Bank, from time to time, informs but little.* We commonly, also, leave out of view the important consideration, that the old gold circulation remained in conjunction with the additional paper in the early part of the war, and a considerable portion of it until the latter part. That circulation was only gradually displaced; it fell in value along with the paper with which it circulated; and much gold remained in the country until it was drawn out by the high price to which gold rose in the last year of the war. It would doubtless form the most dormant portion of the circulation, but it would yet discharge a purpose, which would have required paper-money, if the gold had not existed. According to the estimate of Mr. Tooke, a very great part of the old gold circulation, remained in the country throughout the whole period of the war. The whole amount exported throughout the war is, by him, estimated at no more than from 12 to 15 millions; and of necessity all that was not exported, remained. He draws this calculation in part from some opinions or data of Mr. Huskisson's; but Mr. Huskisson himself, taking, no doubt, the same data into view, took the amount exported during the war at 40 millions. So vague are calculations respecting the nominal amount of the circulation, and so little settled are the facts on which we have to proceed, in attempting to show the correspondence between the nominal amount of money and its actual value. The rapidity also with which a money purely of paper, and not clogged with the condition of payment in bullion, circulates; and the improvements which the country bankers in the conduct of their business, have founded on this description of money; form a feature of great importance, in estimating the effect on prices of any given quantity of money.

* The stamps on bills of exchange of a particular amount, in 1818, appears to have been 16,138*l*. In 1821, the same stamps were 12,334*l*. In 1818, no part of the larger amount of bills thus stamped was locked up with the Bank. In 1821, a very considerable part of the smaller amount was thus locked up.

Mr. Blake, whose whole argument admits, that money must correspond, either in its quantity or its velocity, with prices, thinks that it was the failure of prices which caused in 1815 and 1816, the ruin of so many country bankers, and the consequent reduction of the country circulation. That opinion is partly correct, though the real origin of this failure in prices is mistaken. This period affords the only instance which can be found, in which great failures amongst the country bankers were accompanied *with a positive reduction in the nominal amount of the notes of the Bank of England*; then in the midst of those preparations for gold payments, which Mr. Blake thinks the Bank never made. It affords the only instance accordingly, and from this cause, in which great failures amongst the country bankers, were accompanied with an advance in the value of money, and a fall of prices. The reduction in the Bank circulation then effected, was made in the face of a great and a pressing demand for its increase. The effect of a reduction so effected is not to be measured in any way by its mere extent, because the circulation, to have kept it at its level in value, ought then to have greatly risen. A reduction of the notes of the Bank, in the midst of an increasing demand for them, must be considered as a forced operation. This operation preceded the proposed return to cash payments in 1814, 1815, and 1816. It preceded again the cash payments of 1819; it paralyzed, and reduced, and destroyed, in both periods, the general circulation of the country, of which the Bank circulation formed the centre and basis; and this operation never took place during the whole course of the measures under consideration, from 1797 downwards, except at these two periods, accompanied with a fall of prices both of commodities and bullion. If the Bank of England had not been then called on to pay its notes in gold, or only to pay them in gold at 6*l.* or 7*l.* an ounce, there would have been no material fall of prices at those times. There must have been some shock at the peace, from the sudden change in so many branches of industry; but the Bank of England would have supplied, as on former occasions, any reduction in the circulation of the country bankers, and would thus have protected and maintained prices, in spite of the lessened expenditure of government. On the other hand, it is certain also, that whatever might have been the relations, or the

system of government, whether at home or abroad, if our paper money were required to be paid in gold at 3*l.* 17*s.* 10½*d.* an ounce, nothing could have prevented that reduction of paper money and fall of prices, which accompanied the close of the war; and of this the operation at the close of 1818, affords also proof, when prices again fell with the return of money at 3*l.* 17*s.* 10½*d.*, though no country bankers failed. If a Restriction act were again now passed, either with or without any complicated machinery, of increased expenditure on the part of government; within two years or one year, the issuers of paper money would raise prices to the prices of the war; and if the gold standard were made to conform to those prices, they would be rendered permanent. If under those circumstances, the merchants did not apply to the Bank for discount, nor the government for advances, the Bank would purchase Exchequer bills with their money; and the country bankers, if the traders and farmers did not apply for advances, would make purchases themselves. With more or less celerity, but with absolute certainty, the circulation would be filled with the quantity of money, which the price of gold ultimately permitted to remain in it.

“Prices began to fall,” Mr. Blake observes, “immediately after the conclusion of the war.” It was certainly at that time that the Restriction act was made to end; but prices advanced again in two years from that time, when the Restriction act was renewed. He considers that the Bank made no preparation for cash payments. The advancing their notes to the loan subscribers, and which were of course returnable at the peace, was a preparation for cash payments. But the evidence given to the committees of 1819, shows that the Bank directors made anxious preparations for cash payments, by calling in their advances to government for the purpose of reducing their circulation, and by reducing that circulation amidst demands for its increase. The deputy governor of the Bank stated expressly, that the merchants applied for increased discounts; as the notes lent to government were repaid to the Bank; but that the efficacy of any given amount of Bank notes in circulation, “would depend very greatly on the securities on which such advances were made;” and that notes advanced on discounts to the merchants, and returnable every two months, were of very

different effect in circulation, from the same quantity if advanced to government, or to the merchants, if on permanent security. The Bank is prepared, as Mr. Blake observes, to advance to the merchants, but the merchants do not apply. They cannot apply, according to the rules on which the Bank advances to merchants, to such an extent as to cause any excessive issues of notes. They do not possess, in sufficient abundance, those particular securities, Bills of exchange, on which alone the Bank advances to the merchants: and further, every Bank-note which is in circulation, through discount to the merchants, represents a bill of exchange, taken from aiding the circulation, and deposited with the Bank. "The Bank issues," Mr. Blake continues, "were, upon an average, constantly increasing* from 1813 to 1819; and since that period, and since the resumption of cash payments, there really does not appear to have been any material diminution of the circulating medium, as far, at least, as the issues of the Bank of England form any criterion by which to judge of the amount; inasmuch as the quantity of coin and Bank-notes together form a larger amount than when Mr. Peel's bill passed into a law." And, consistently with these assertions, he maintains, that it is not the termination of the Restriction act, or the measures necessarily accompanying it, that have reduced prices, but that "the great and mighty source of the distresses felt by all classes of producers has been, the transition that took place at the termination of the war. The transition from an immense, unremitting, protracted, effectual demand for almost every article of consumption, to a comparative cessation of that demand." From 1813 to 1814, the Bank circulation increased. It then fell in 1815 and 1816. It was again increased, and now again reduced. I have already explained in what manner, as far as the mere nominal amount of Bank-notes is concerned, that amount must be taken, to have been reduced at the peace, and then increased; and lastly, reduced again, and to what level. It has been shown also, that

* Speech of Mr. Horner, January 1816. "The average amount of the Bank circulation was not, during the last year, more than between 25 and 26 millions; whilst, two years ago, it had been nearer 29 millions, and had at one time even amounted to 31 millions."

the government demand thus spoken of, and the termination of it, exists still, except as far as it was supplied by loans; and how incompetent was the operation of loans to the effect ascribed to it. But to prove conclusively, as it must be admitted to do, that the prosperity of the war, and its high prices, were neither occasioned by its taxes, nor its loans, nor the unproductive expenditure of the government; and that the present state of things, has not been owing to the termination of those hitherto unheard of sources of national prosperity and wealth; let us here, first giving Mr. Blake's description of the state of the country at present, which he ascribes to the transition from war to peace, set down more particularly some facts, the character of which cannot be mistaken, exhibiting the state of the country in the year 1818, when that transition was of three years date; and when nothing remained of the war or its operations that is not in existence now, the Restriction act alone excepted, which was then, but which is not now, in operation.

This, then, is the present state of the country as thus described, and imputed to the transition which took place in 1815:—
 “The distress that has pervaded all classes of producers since
 “the termination of the war, has been greater, perhaps, than
 “ever was known before; the manufacturers are said to be re-
 “covering, and it may be so; but I suspect the masters can
 “only find a market by selling their goods at a very low rate of
 “profit; and the artizans can only find employment by working
 “at a low rate of wages.—The state of the agriculturist is ca-
 “lamitous beyond all former example.—Lessened production
 “appears the natural and only remedy.—The inevitable conse-
 “quence must be, a general fall in the nominal amount of the
 “whole landed rental of the kingdom.—In the course of the last
 “six or seven years, farming capital has sunk to nearly half its
 “former value, and the loss must be submitted to.” This, then, being the state of things, and the cause of it being ascribed to the termination of the loans and expenditure of the war, let us see the condition of the country three years after all those had closed.

In the year 1818, the average price of wheat was 84s. 1d. a quarter. This was a period, therefore, of prosperity for the agriculturist; and to prove that this price did not arise from scarcity, but that it was attended with a condition equally

prosperous for the manufacturer, it is sufficient to refer to the evidence of Mr. Hodgson, a merchant of Liverpool, before the agricultural committee of 1821, with respect to the great towns of Liverpool, Manchester, Birmingham, Sheffield, and Leeds. It there appears, from documents which that gentleman had collected, and of the accuracy of which there can be no dispute, that a great and universal reduction in the quantity of butcher's meat consumed in every one of those towns (to which alone his inquiries extended) had taken place in 1819, 1820, and 1821; as compared, not with the consumption of the war, but with the consumption of 1818, when meat was at its highest price. The average reduction, in the whole of those towns, some of which suffered more severely than others, amounted to more than 15 per cent. It was shown by returns of the number of hides; and as it is only amongst the lowest classes that distress could occasion a lessened consumption of butcher's meat, the reduction must have been much greater than 15 per cent amongst those classes. With respect to the town of Birmingham in particular, a petition, which was presented to parliament in 1821, describing a state of distress there existing, deplorable almost beyond example, described that distress as forming a contrast with the prosperity, not of the war, but of the year 1818. What can afford a more decisive proof of the wretched condition of the manufacturing classes at one time, than to find them consuming lessened quantities of butcher's meat as the price of butcher's meat fell; or of their prosperous condition at another time, when their consumption was the highest, although the price was at its highest rate? That this prosperity reached to commerce is shown, in the most decisive manner, by the evidence given to the committee on foreign trade in 1820, relating to shipping. The number of transports thrown out of employment by the government at the peace, was supposed (according to that system by which each class of traders uniformly endeavour to account for any change in its condition by some particular cause, and not by any general operation) to have been the main cause of the ruinous depression in the value of merchant ships which then took place. In 1820, the committee of foreign trade, ask Mr. Tindall, a ship-builder, if the distress then felt did not so originate? But his answer is, that, in 1818, the value of ships had recovered

from that depression; and that there was enough employment for all the transports, and for all other ships in 1818 at good freights. Mr. Tooke, who also gave evidence before that committee, appears to have given a similar statement. "In 1818," says he, "I had very great difficulty indeed in getting the requisite quantity of shipping." And being asked if that circumstance occurred at any particular time, answers, "through the whole season of 1818." But, in 1819 and in 1820, ships were again too numerous for commerce; and then Mr. Tooke says, "he could have procured double the quantity of tonnage he desired." Mr. Marryatt, in a speech in the House of Commons, also in 1820, gave an account which exemplifies this extraordinary reverse, by a reference to the price of ships, and to the fall which had taken place, not since the peace, but since 1818. "The *Sesostris*," he says, "which cost, in 1818, 12,175*l.* was sold in 1820 for 6,300*l.*," and of such fall, he gives numerous other instances, and considers them as no more than corresponding with the general fall of shipping since 1818. There can be no more decisive proof of the prosperity of commerce in 1818, or of its subsequent reverse, than is here shown in the condition of the mercantile navy. Commerce, manufactures, and agriculture, all at this time flourished alike. They all existed in a condition precisely the reverse of that which Mr. Blake describes justly as their condition at this time; but which condition he ascribes to the peace of 1815. That the high prices of 1818, which enabled the agricultural community to discharge their engagements, were the consequence of no scarcity: that they were the prices of abundance, and not of scarcity; of a depreciated money, and not of a scanty supply, is manifest from their being accompanied with a general and great prosperity; of which the condition of the revenue, prosperous at that time beyond its most flourishing condition at any other period, gives also decisive evidence. The report of the finance committee of 1819 gives this statement of the revenue in 1818: "It also appears, that the total revenue of Great Britain, in the year 1818, exceeded the same revenue for the year 1817, by the sum of 1,705,510*l.*; and that the total revenue of Ireland, for the year 1818, exceeded that for 1817, by the sum of 192,969*l.*, making a total improvement of the revenue of the United Kingdom, as compared with 1817, of

“ 1,898,479*l.* ; but this comparison will be rendered still more
 “ correct, and the result will be more favourable, if the sum of
 “ 2,330,531*l.*, being the amount of unappropriated war duties
 “ received in 1817, be deducted from the revenue received in
 “ that year ; and if the sum of 566,639*l.*, the amount of un-
 “ appropriated war duties received in 1818, be also deducted
 “ from the total revenue received in 1818. It will then appear,
 “ that an improvement to the amount of 3,662,371*l.* has actually
 “ taken place in the permanent revenue of the United Kingdom
 “ in 1818, as compared with 1817.”

Here, then, is a condition of the country, in the midst of that period which has elapsed since the peace, which is at least as prosperous as was any period of the war, and during which prices were as high. It was accompanied with none of that destructive operation, of converting capital into revenue, by the ruinous expenditure of government, in spite of which it was, and not in consequence of it, that this country flourished during the war ; but it was accompanied with a value of money which corresponded with that of the war, and by which the enormous expenditure of the government, throughout its million channels, fed from the resources and the burthens of the people, were moderated and reduced. The command over the annual produce of the land and labour of the country, which the taxes gave in that year to the unproductive classes, was greatly less than that which the same taxes now give them ; a like change was made in the revenue of the unproductive classes of whatever kind. The burthen on production was thus reduced, and brought back to that scale in which it had been originally imposed ; and the classes of producers relieved from unjust and intolerable burthens, and set free from false constructions of legal contracts, felt at that time none of that intense misery, in which they are since involved. This condition of the country in 1818 cannot be examined without its being found to afford demonstrative evidence, that the present state of distress had not its origin in the transition from war to peace, or in any circumstances necessarily connected with the re-establishment of peace. It becomes most certain, that we must look to other sources for the cause of that distress. Whatever that cause has been, in the year 1818, it was removed ; and that the depreciated value of money which at that period adjusted

private contracts, as well as public burthens, by re-establishing the standard they were formed in, arose out of the renewal of the Restriction act in 1816, and its corresponding measures, appears perfectly manifest. Difficult as it is to trace the operations of money at any time, and to show in what manner the cause and effect have precisely corresponded, we have yet, with respect to this period, from 1816 to the present time, the particulars of those operations, in part at least, very distinctly before us; and as they have been explained in the former part of these pages, they must be considered as adequate and necessary causes of those alterations in monied prices, and in the state of the country with which they have been accompanied.

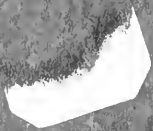
The measures then adopted, consisted of a forced emission of the paper money of the Bank of England, which must be taken to have been to the extent of about seven millions; and subsequently of that seven millions being again forcibly withdrawn; both operations followed by a corresponding increase, and a corresponding reduction of the paper of the country bankers and of bills of exchange.

These facts, and the state of prices and of the country, connected with them, appear to me to be perfectly conclusive also, as to the causes of the depreciation and of the prosperity of the war.

THE END.



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